

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

AUTHORIZING CHECKS TO BE DRAWN IN FAVOR
OF BANKING ORGANIZATIONS FOR THE CREDIT
OF A PERSON'S ACCOUNT

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPORTING,
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH CONGRESS
FIRST SESSION
ON
H.R. 4653

A BILL TO AUTHORIZE CHECKS TO BE DRAWN IN FAVOR
OF BANKING ORGANIZATIONS FOR THE CREDIT OF A
PERSON'S ACCOUNT, UNDER CERTAIN CONDITIONS

JULY 21, 1965

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1965

COMMITTEE ON GOVERNMENT OPERATIONS

WILLIAM L. DAWSON, Illinois, *Chairman*

CHET HOLIFIELD, California
JACK BROOKS, Texas
L. H. FOUNTAIN, North Carolina
PORTER HARDY, Jr., Virginia
JOHN A. BLATNIK, Minnesota
ROBERT E. JONES, Alabama
EDWARD A. GARMATZ, Maryland
JOHN E. MOSS, California
DANTE B. FASCELL, Florida
HENRY S. REUSS, Wisconsin
JOHN S. MONAGAN, Connecticut
TORBERT H. MACDONALD, Massachusetts
J. EDWARD ROUSH, Indiana
WILLIAM S. MOORHEAD, Pennsylvania
CORNELIUS E. GALLAGHER, New Jersey
WILLIAM J. RANDALL, Missouri
BENJAMIN S. ROSENTHAL, New York
JIM WRIGHT, Texas
FERNAND J. ST GERMAIN, Rhode Island
DAVID S. KING, Utah
JOHN G. DOW, New York
HENRY HELSTOSKI, New Jersey

CLARENCE J. BROWN, Ohio
FLORENCE P. DWYER, New Jersey
ROBERT P. GRIFFIN, Michigan
OGDEN R. REID, New York
FRANK J. HORTON, New York
DELBERT L. LATTA, Ohio
DONALD RUMSFELD, Illinois
WILLIAM L. DICKINSON, Alabama
JOHN N. ERLENBORN, Illinois
HOWARD H. CALLAWAY, Georgia
JOHN W. WYDLER, New York

CHRISTINE RAY DAVIS, *Staff Director*
JAMES A. LANIGAN, *General Counsel*
MILES Q. ROMNEY, *Associate General Counsel*
J. P. CARLSON, *Minority Counsel*
RAYMOND T. COLLINS, *Minority Professional Staff*

EXECUTIVE AND LEGISLATIVE REORGANIZATION SUBCOMMITTEE

WILLIAM L. DAWSON, Illinois, *Chairman*

BENJAMIN S. ROSENTHAL, New York
CHET HOLIFIELD, California
HENRY S. REUSS, Wisconsin
EDWARD A. GARMATZ, Maryland
CORNELIUS E. GALLAGHER, New Jersey

CLARENCE J. BROWN, Ohio
JOHN N. ERLENBORN, Illinois
JOHN W. WYDLER, New York

ELMER W. HENDERSON, *Counsel*
LOUIS I. FREED, *Investigator*
VERONICA B. JOHNSON, *Clerk*

CONTENTS

	Page
H.R. 4653	1
Statement of Floyd B. Moye, Directorate of Accounting and Finance, Department of the Air Force; accompanied by Mrs. Jaqueline Reynolds, Legislative Assistant	
Appendix.—Letter from Hon. Eugene M. Zuckert, Secretary, Department of the Air Force, to Hon. John W. McCormack, January 28, 1965	2
A draft bill	5
	7

AUTHORIZING CHECKS TO BE DRAWN IN FAVOR OF BANKING ORGANIZATIONS FOR THE CREDIT OF A PERSON'S ACCOUNT

(H.R. 4653)

(A Bill To Authorize Checks To Be Drawn in Favor of Banking Organizations for the Credit of a Person's Account, Under Certain Conditions)

WEDNESDAY, JULY 21, 1965

HOUSE OF REPRESENTATIVES, EXECUTIVE AND
LEGISLATIVE REORGANIZATION SUBCOMMITTEE
OF THE COMMITTEE ON
GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 11:11 a.m., in room 2203, Rayburn Office Building, Hon. William L. Dawson (chairman of the subcommittee) presiding.

Present: Representatives William L. Dawson, Chet Holifield, Benjamin S. Rosenthal, and John N. Erlenborn.

Also present: Elmer W. Henderson, subcommittee counsel; James A. Lanigan, general counsel, Committee on Government Operations; and J. P. Carlson, minority counsel.

Chairman DAWSON. H.R. 4653 was introduced by Congressman Rosenthal at the request of the Department of the Air Force but would apply to all Government departments and agencies. This matter was before us in the last Congress but action was not concluded by the committee.

The witness on this bill will be Mr. Floyd B. Moye, Directorate of Accounting and Finance, Department of the Air Force.

(The bill, H.R. 4653, follows:)

[H.R. 4653, 89th Cong., 1st sess.]

A BILL To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "Except" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof:

"(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

"(1) by sending to the bank, savings institution, or Federal or State chartered credit union designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or

"(2) if more than one person to whom a payment is to be made designates the same banking organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.

In this subsection, 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia.

"(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly indorsed, shall constitute a full acquittance for the amount due to the person requesting payment."

Chairman DAWSON. Mr. Moye, please introduce those with you.

STATEMENT OF FLOYD B. MOYE, DIRECTORATE OF ACCOUNTING AND FINANCE, DEPARTMENT OF THE AIR FORCE; ACCCOMPANIED BY MRS. JAQUILINE REYNOLDS, LEGISLATIVE ASSISTANT

Mr. MOYE. I have with me Mrs. Jaqueline Reynolds, legislative assistant from my office.

This bill would provide specific authority for a disbursing officer to draw a check in favor of a banking organization which represents payments to one or more depositors. The services used this procedure in some installations for a number of years. The Comptroller General, however, took exception to the practice. He agreed that we could continue its use where the procedure was already operational. He held that expansion to other installations must await legislative action.

We term this the "single or blanket check" procedure. If a number of persons designate the same institution as a depository, a single check is drawn for the total deposits. It is sent to the bank, accompanied by a money list which identifies each depositor and shows the amount to be deposited to each person's account.

Currently we utilize two means of delivering paychecks. In some installations the check is delivered by hand unless there has been an election by the payee to have it mailed. Some installations have found it preferable, from the standpoint of economy, to mail all checks. When checks are mailed, the payee is permitted to elect to have the check mailed to his home or sent to a bank for deposit to his account. Even in those installations which permit personal delivery of checks there is an increasing trend toward designation of a depository. Consequently, we are now sending innumerable individual checks to banks.

Where we were permitted to use the single check procedure it resulted in administrative savings to the Government. At the same time it has proven trustworthy with respect to safeguarding the interests of the individual. No compromise of payroll computation procedures or change to these procedures is necessary.

H.R. 4653 would permit Government-wide application of the so-called single check procedure, under regulations to be prescribed by the Secretary of the Treasury. Based on our experience, we believe Government-wide application would result in significant savings.

We respectfully recommend that your committee give favorable consideration to H.R. 4653.

Thank you for permitting me to express our views on this matter. If you have any questions, I shall be pleased to answer them.

Chairman DAWSON. Mr. Holifield.

Mr. HOLIFIELD. I think this is a very commonsense procedure. I see no reason why it shouldn't be done. It might be interesting to note that when I came here 23 years ago as a Member of Congress, I was told that I could have my monthly check deposited to the Sergeant at Arms account if I wanted to rather than have it drawn and mailed to me. I signed a piece of paper to that effect and I have never seen my paycheck in 23 years. I have never seen my congressional paycheck. It has always been handled along that line. I have found I have no trouble getting the money out of the Sergeant at Arms account.

Mr. MOYE. A convenient procedure.

Mr. HOLIFIELD. That is all, Mr. Chairman.

Chairman DAWSON. Mr. Erlenborn.

Mr. ERLENBORN. I wonder if Mr. Rosenthal would yield for a question.

Mr. ROSENTHAL. Surely.

Mr. ERLENBORN. I'm just curious as to the purpose of the words "by request" that appear in the bill that you introduced. In the Illinois Legislature, where I previously served, those words had special significance and I wonder if they do in this procedure.

Mr. ROSENTHAL. I am going to have to call on Mr. Lanigan and Mr. Henderson to backstop me on that, but my impression is that it is something not your own original idea necessarily, but some agency, organization, or group asked you to do it. Is that a fair statement, Mr. Henderson?

Mr. HENDERSON. That is correct, although it varies with individual Congressmen. Some introduce bills that are suggested to them without using the term. Others do use the term.

Mr. ERLENBORN. The reason I asked the question is that the connotation put on those words in the Illinois Legislature was that the member really wasn't in favor of the legislation. [Laughter.]

It was introduced because of pressure back home from certain constituents and he introduced it to keep them happy. Ordinarily when a bill like that appeared on the calendar, it failed. I just wanted to make sure that wasn't the case here.

Mr. ROSENTHAL. I am sure it is not the case.

Mr. ERLENBORN. Thank you.

Mr. ROSENTHAL. I think it is an interesting distinction. The idea certainly didn't originate with the Congressman who introduced it. It was brought to him or he did it at the request of some organization, group, or individual. That is what the language means.

Mr. ERLENBORN. I have no further questions.

Mr. ROSENTHAL. I have no questions.

Mr. HENDERSON. No questions, thank you.

Chairman DAWSON. Thank you very much. We will now go into executive session.

(Whereupon, at 11:20 a.m., the hearing was adjourned and the sub-committee went into executive session.)



APPENDIX

EXECUTIVE COMMUNICATION FROM DEPARTMENT OF THE AIR FORCE TRANSMITTING DRAFT OF BILL

JANUARY 28, 1965.

Hon. JOHN W. McCORMACK,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: There is forwarded herewith a draft of legislation to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

This proposal is a part of the Department of Defense legislative program for the 89th Congress. In accordance with the recommendation of the Treasury Department, the proposal was made applicable to all Government agencies. The Bureau of Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

Generally, the purpose of the proposed legislation, which is Government-wide in scope, is to authorize Government agencies, under regulations to be prescribed by the Secretary of the Treasury, to draw checks in favor of banking organizations for the credit of a person's account, under certain conditions. Specifically, it would permit the heads of departments, agencies, independent establishments, boards, commissions, and offices in the executive, legislative, and judicial branches of the Government, wholly owned or controlled Government corporations, and the municipal government of the District of Columbia to authorize the drawing of a check by a disbursing officer in favor of a bank, savings institution, or Federal or State chartered credit union which represents payments to one or more persons who use that organization as a depository. In other words, if more than one person designates the same banking organization as a depository, a single check may be drawn in favor of the banking organization for the total amount due to such persons and transmitted to the banking organization, identifying each person, and the individual amount to be deposited to his account. The method of payment authorized by this proposal would cover payments of a repetitive type (payroll, retirement, pension, etc.) and apply to persons who are: (1) civilian officers or employees in or under the executive, legislative, or judicial branch of the Government; (2) Members of Congress; (3) civilian officers or employees of the municipal government of the District of Columbia; and (4) members or former members of the uniformed services. It would also apply to persons who are retired.

This procedure has been used by the Department of the Army since 1913 in administering officers' pay and since 1956 in administering the pay of other personnel. It has been used by the Air Force since 1955. Although this procedure has not been specifically authorized by the Department of the Navy, it has been used by the Marine Corps since 1958 and by a few Navy activities in the payment of military personnel.

As background, using one service, the Department of the Air Force only, as an example to eliminate duplication of remarks, the following information is submitted:

(a) Paragraph 70401.1, AFM 173-50 (now par. 30316, AFM 177-108), finance systems and procedures permitted the drawing of checks payable to banking organizations for the credit of the account of a civilian employee on his request. It also provided that when more than one person designated the same banking

organization, a single check could be drawn in the total amount, if each employee and the amount to be deposited to his account was identified with the check.

(b) The Comptroller General of the United States, in Decision No. B-141025, November 12, 1959, took specific exception to the procedure contained in paragraph 70401.1, AFM 173-50. He held that drawing checks covering salary payments of civilian employees, in favor of banks, for deposit to the employee's account, is in contravention of law. Sections 3477 and 3620 of the Revised Statutes (31 U.S.C. 203 and 492, respectively) were cited.

(c) After intensive study, the Assistant Secretary of the Air Force (Financial Management) dispatched a letter to the Comptroller General of the United States on May 13, 1960, citing the benefits of the single check procedure and inclosing a savings study and an opinion of the Air Force General Counsel. Reply to this letter was dated August 3, 1960, and held that there was no legal basis for modification or revision of his original decision.

(d) Again on September 29, 1960, the Assistant Secretary of the Air Force (Financial Management) requested reconsideration of the opinion and placed questions for clarification in the event the decision was confirmed. The decisions of November 12, 1959, and August 3, 1960, were sustained by the Comptroller General on December 20, 1960. In this letter it became apparent that the applicability of the original decision would have to be extended to the procedure for the payment of military members. Paragraph 30406b, AFM 173-10 (now par. 30316, AFM 177-108), organization, functions, and responsibilities of finance offices, permitted the same procedure as contained in paragraph 70401.1, AFM 173-50 for drawing checks payable to banking organizations for the credit of the military member.

(e) Finally, the Comptroller General has agreed with representatives of the Department of Defense that present procedures in the military department may remain unchanged pending actions on the proposed legislation. The procedure will not be expanded until legislation is obtained.

The proposed legislation permitting the drawing of checks payable to banking organizations has been drafted to permit use of a single check when more than one person has designated that banking organization. The practice of consolidating payment of multiple vouchers into one check to one payee is presently encouraged in settling commercial invoices throughout the Government in paragraph 5010.40, title 7, General Accounting Office Manual.

The mailing of payroll checks to an address designated by the employee or military member has become increasingly prevalent within the Department of Defense. The advantages to the Government are manifold:

(a) Payroll action is complete at the time the check has been drawn, enveloped, and dispatched. The civilian personnel office staff is not involved in the distribution.

(b) Circumstantially, banking facility hours are normally within the working day. Although no valid computation of working time lost by individuals in banking or cashing of payroll checks during duty hours can be made, this cannot be ignored. By mailing checks to a home address or to a bank, this problem of lost time is materially reduced. When mailed to the bank, no occasion for a visit to the banking facility arises to dispose of the check. When the check is mailed to the home address, cashing or depositing is usually conducted during other than duty hours.

(c) Persons normally designated to distribute checks need not leave their place of duty either to pick up, distribute, or return undelivered checks. Factually at Warner Robins Air Force Base, Ga., with a civilian payroll of 15,000 civilians (all of whom are now paid by checks), 350 man-hours were used each week in the distribution process, under the individual check system. In addition to the monetary saving, which is obvious, under the single check system, these individuals are now available for their primary duty during the time which was formerly used for the distribution of checks.

(d) At Warner Robins Air Force Base, with 15,000 civilian employees on the payroll, more than 6,000 had designated banks as mailing addresses. This designation was completely voluntary and can be considered as a reasonable percentage of a typical civilian employee group. If the mailing service is made available, it can be assumed that there is a potential of 120,000 persons within the approximately 300,000 Air Force civilian employees who would designate a bank as a mailing address. Among military members in the Washington area paid through the Bolling and Andrews Air Force Base offices, approximately 2,500 or 6,000 Air Force officers have designated a bank as a mailing address.

Although the use of banks as a mailing address by enlisted Air Force personnel is not as prevalent as among civilians and officers, approximately 8 percent in the Washington area have designated banks as mailing addresses.

(e) The factual data obtained at Warner Robins Air Force Base reveals that 3,000 employees are being paid each week by the use of 11 checks payable to banks. Approximately 155,000 fewer Treasury checks are drawn each year at that base by use of the single check procedure.

(f) Assuming that the experience data furnished by Warner Robins Air Force Base is typical of civilian payrolls then:

(1) Elimination of 155,000 checks per year in the payment of 15,000 civilian employees would indicate that if the single check program is extended to cover all 300,000 Air Force employees then a substantial savings in the drawing of 3,100,000 Treasury checks per year will result.

(2) The following is a computation of the cost of mailing a Treasury check to a banking organization and ultimate cancellation by Treasury:

Cost of printed check	\$0.00250
Cost of window envelope	.00300
Postage	.05000
Treasury processing ¹	.004
Machine preparation ²	.01330
Cost of Treasury check	.07280

¹ Provided by Treasury Department.

² Cost data from Air Force Accounting and Finance Center.

(3) Use of the single check for only civilian payrolls within the Air Force can produce a substantial savings each year in the basic cost of processing and mailing of Treasury checks. Conversion to a computer system for military pay has recently required changes in our procedures. We expect to program for the use of the blanket check procedure where economies can be achieved. However, at this point in time we cannot predict the extent of its utilization. Most Air Force enlisted members are now paid on a semi-monthly basis. Use of the program for even a small percentage of enlisted personnel is expected to generate measurable savings.

COST AND BUDGET DATA

The cost of drawing and processing a Treasury check by mechanical or electronic means has been greatly reduced during the past several years in Government offices and commercial institutions. However, the basic cost of a printed check and envelope, postage, and processing must be considered when the quantity is significant. The use of the single check procedure will produce sizable savings to the U.S. Government. Enactment of the proposed legislation will be extremely advantageous to civilian employees and military members and will generate sizable savings to the U.S. Government through the use of the single check when banking organizations are designated as a mailing address. No compromise of payroll computation procedures or change to these procedures is necessary.

Sincerely,

EUGENE M. ZUCKERT.

A BILL To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "Except" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof:

“(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

"(1) by sending to the bank, savings institution, or Federal or State chartered credit union designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or

"(2) if more than one person to whom a payment is to be made designates the same banking organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.

In this subsection, 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia.

"(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly indorsed, shall constitute a full acquittance for the amount due to the person requesting payment."



LEGISLATIVE HISTORY

Public Law 89-145
S. 1309

TABLE OF CONTENTS

Index and summary of S. 1309	1
Digest of Public Law 89-145.	2

INDEX AND SUMMARY OF S. 1309

Feb. 9, 1965 Rep. Rosenthal introduced H. R. 4653 which was referred to House Government Operations Committee. Print of bill as introduced.

Mar. 1, 1965 Sen. Robertson introduced S. 1309 which was referred to Senate Banking and Currency Committee. Print of bill as introduced.

July 28, 1965 House committee voted to report H. R. 4653.

Aug. 2, 1965 Senate committee reported S. 1309 with amendments. S. Report No. 532. Print of bill and report.

House committee reported H. R. 4653 with amendment. H. Report No. 703. Print of bill and report.

Aug. 3, 1965 Senate passed S. 1309 with amendments.

Aug. 16, 1965 House passed S. 1309 without amendment in lieu of H. R. 4653.

H. R. 4653 was tabled due to passage of S. 1309.

Aug. 28, 1965 Approved: Public Law 89-145.

DIGEST OF PUBLIC LAW 89-145

ONE-CHECK PAYMENTS TO FINANCIAL ORGANIZATIONS.

Permits, with voluntary authorization by all persons concerned, Federal disbursing officers to issue one check in an aggregate amount to banks and other financial institutions, specifying the amount to be credited to the account of each individual listed, in cases where a number of employees ask that payments due them be sent to the same bank or organization.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1965

Mr. ROSENTHAL (by request) introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 3620 of the Revised Statutes, as amended
4 (31 U.S.C. 492), is amended—

5 (1) by inserting the designation “(a)” before the
6 word “Except” at the beginning thereof; and
7 (2) by adding the following new subsections at
8 the end thereof:

9 “(b) Notwithstanding subsection (a) or any other
10 provision of law, and under regulations to be prescribed by

1 the Secretary of the Treasury, the head of an agency may,
2 upon the written request of a person to whom a payment
3 is to be made, authorize a disbursing officer to make the
4 payment—

5 “(1) by sending to the bank, savings institution,
6 or Federal or State chartered credit union designated
7 by that person a check that is drawn in favor of that
8 organization and for credit to the account of that person;
9 or

10 “(2) if more than one person to whom a payment
11 is to be made designates the same banking organization,
12 by sending to the organization a check that is drawn
13 in favor of the organization for the total amount due
14 those persons and by specifying the amount to be
15 credited to the account of each of those persons.

16 In this subsection, ‘agency’ means any department, agency,
17 independent establishment, board, office, commission, or
18 other establishment in the executive, legislative, or judicial
19 branch, of the Government, any wholly owned or controlled
20 Government corporation, and the municipal government of
21 the District of Columbia.

22 “(c) Payment by the United States of a check, drawn
23 in accordance with subsection (b) and properly indorsed,
24 shall constitute a full acquittance for the amount due to the
25 person requesting payment.”

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

By Mr. ROSENTHAL

FEBRUARY 9, 1965

Referred to the Committee on Government Operations

IN THE SENATE OF THE UNITED STATES

MARCH 1, 1965

Mr. ROBERTSON (by request) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 3620 of the Revised Statutes, as amended (31
4 U.S.C. 492), is amended—
5 (1) by inserting the designation “(a)” before the
6 word “Except” at the beginning thereof; and
7 (2) by adding the following new subsections at the
8 end thereof:
9 “(b) Notwithstanding subsection (a) or any other pro-
10 vision of law, and under regulations to be prescribed by the

1 Secretary of the Treasury, the head of an agency may, upon
2 the written request of a person to whom a payment is to
3 be made, authorize a disbursing officer to make the pay-
4 ment—

5 “(1) by sending to the bank, savings institution,
6 or Federal or State chartered credit union designated by
7 that person a check that is drawn in favor of that organi-
8 zation and for credit to the account of that person; or

9 “(2) if more than one person to whom a payment
10 is to be made designates the same banking organization,
11 by sending to the organization a check that is drawn
12 in favor of the organization for the total amount due
13 those persons and by specifying the amount to be
14 credited to the account of each of those persons.

15 In this subsection, ‘agency’ means any department, agency,
16 independent establishment, board, office, commission, or
17 other establishment in the executive, legislative, or judicial
18 branch, of the Government, any wholly owned or controlled
19 Government corporation, and the municipal government of
20 the District of Columbia.

21 “(c) Payment by the United States of a check, drawn
22 in accordance with subsection (b) and properly endorsed,
23 shall constitute a full acquittance for the amount due to the
24 person requesting payment.”

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

By Mr. ROBERTSON

MARCH 1, 1965

Read twice and referred to the Committee on Banking and Currency

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(OR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued
For actions of
July 29, 1965
July 28, 1965
89th-1st; No. 137

CONTENTS

Appropriations.....	4,12,33	Farm program.....	7,25,31	Saline Water.....	6
Atomic energy.....	1,11	Flour.....	9	Soil erosion.....	16
CCC inventories.....	20	Food.....	8	Sugar.....	21
Checks.....	3	Foreign trade.....	10,29	Stockpiling.....	20
Cigarette labeling.....	32	Fund adjustments.....	4	Trade expansion.....	10,29
Claims.....	27	Health.....	13	Travel.....	3,19
Consumer research.....	8	Lands.....	14	Vocational	...
Continuing		Legislative program.....	11	rehabilitation.....	11
appropriations.....	12	Livestock.....	26	Voting record.....	23
Cotton.....	7	Military construction....	5	Water pollution.....	18
Dairy.....	26	Pay raise.....	3,27	Water resources.....	16,24
rought relief.....	30	Personnel.....	3,19,27	Weather.....	28
Education.....	2	Plant life.....	16	Wheat.....	9
Electrification.....	1,11	Poverty.....	17,22		
Family farms.....	15	Research.....	6,8,16,28		

HIGHLIGHTS: Both Houses passed appropriations continuing resolution. Sen. Mondale expressed concern over "plight" of family farmer. Rep. Findley criticized cotton program. Rep. Fascell praised USDA consumer research program. Rep. Cooley submitted measure to provide for consideration of farm bill.

HOUSE

1. ATOMIC ENERGY; ELECTRIFICATION. Agreed to a Rules Committee resolution for the consideration of H. R. 8856, to amend the Atomic Energy Act to clarify the intent of Congress regarding regulation of the sale, generation, or transmission of electric power produced through the use of nuclear facilities licensed by the Atomic Energy Commission. pp. 17952-4

2. EDUCATION. Agreed to a Rules Committee resolution for the consideration of H. R. 8310, the proposed Educational Rehabilitation Act Amendments of 1965. p. 17954

3. PERSONNEL. The "Daily Digest" states that the Government Operations Committee voted to report (but did not actually report) H. R. 4653 (amended), to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions, and H. R. 9020 (amended), to amend section 7 of the Administrative Expenses Act of 1946, as amended, to provide for the payment of travel costs for applicants invited by a department to visit it for purposes connected with employment. p. D713
The "Daily Digest" states that a subcommittee of the Post Office and Civil Service Committee "approved a subcommittee draft on the proposed Federal and postal pay raise." p. D714

4. FUND ADJUSTMENTS. "The "Daily Digest" states that the Government Operations Committee voted to report (but did not actually report) H. R. 6438 (amended), to authorize any executive department or independent establishment of the Government, or any bureau or office thereof to make appropriate reimbursement between the respective appropriations available to such departments and establishments, or any bureau or office thereof. p. D713

5. MILITARY CONSTRUCTION. The "Daily Digest" states that conferees agreed to file a report on H. R. 8439, fiscal 1966 authorizations for military construction, which includes a provision for reimbursement of CCC. p. D714

6. SALINE WATER RESEARCH. The "Daily Digest" states that conferees agreed to file a report on S. 24, to increase authorizations for expansion and extension of the saline water conversion program. p. D714

7. COTTON. Rep. Findley criticized the cotton proposal recently reported by the Agriculture Committee and the current cotton program, and inserted a USDA report on the first 11 months of its operation which he states shows that "mill margins are up again and so are textile prices." pp. 17974-5

8. CONSUMER RESEARCH. Rep. Fascell commended the USDA consumer research program for the numerous achievements in the revolution in food. p. 17983

9. WHEAT; FLOUR. Received from the State Dept. a reply to the GAO report on "unnecessary costs resulting from an inflexible policy of donating flour instead of wheat to voluntary relief agencies for distribution abroad under the Agricultural Act of 1949." p. 17989

10. TRADE EXPANSION. Rep. Gross urged early consideration of proposed legislation to amend the Trade Expansion Act of 1962. pp. 17961-3

11. LEGISLATIVE PROGRAM. The "Daily Digest" states that today (Thurs.) the House will consider H. R. 8856, an amendment to section 271 of the Atomic Energy Act, and H. R. 8310, to amend the Vocational Rehabilitation Act. p. D713

12. APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 591, the appropriations continuing resolution (pp. 17804-5, 17806, 17885-7). This

SENATE

~~DIGEST of Congressional Proceedings~~

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued
For actions of

August 3, 1965
August 2, 1965
89th-1st; No. 140

CONTENTS

Accounting.....	3	Farm program.....	11,19	Mining.....	30
Animal research.....	24	Federal aid.....	28	Oleomargarine.....	4
Balance-of-payments.....	32	Feed grain.....	16	Peace Corps.....	5
Bread tax.....	16	Flour.....	6	Personnel.....	3,7,25
Butter.....	4	Food.....	4,15	Population.....	15
CCC.....	13	Foreign aid.....	4,6,18	Poverty.....	9,10,27
Checks.....	3,7	Foreign trade.....	2,13	Public Law 480.....	13
Claims.....	8	Geothermal steam.....	26	Research.....	21,24
Corn.....	18	Health.....	25,31	Tariff.....	2
Drought relief.....	20	Housing.....	1	Travel.....	7
Education.....	10	Lands.....	22	Water.....	12
Electrification.....	26	Lumber.....	23	Weights and measures....	29
Farm labor.....	17	Medicare.....	31	Wheat.....	6,16

HIGHLIGHTS: Senate committee reported bill to establish Department of Housing and Urban Development. Rep. Findley criticized farm bill. House received interim report of National Food Marketing Commission. Rep. Anderson expressed concern over "lobby campaign" against wheat provisions of farm bill.

SENATE

1. **HOUSING.** The Government Operations Committee reported with amendments S. 1599, to establish a Department of Housing and Urban Development (S. Rept. 536). p. 18291
2. **FOREIGN TRADE.** The Finance Committee reported with amendments H. R. 7969, to correct certain errors in the U. S. Tariff schedules (S. Rept. 530). p. 18291

3. ACCOUNTING; PERSONNEL. The Banking and Currency Committee reported with amendments S. 1309, to authorize Federal disbursing officers to make payment by sending to banking organizations designated by a person a check that is drawn in favor of the banking organization for credit to the person's account (S. Rept. 532). p. 18291

4. FOOD. Sen. Proxmire inserted two Wisc. Legislature resolutions urging Congress to consider a "massive program" of American-grown food, including Wisc. agricultural products, for foreign aid, and opposing the use of oleomargarine instead of butter, in domestic welfare programs. p. 18313

5. PEACE CORPS. Conferees were appointed on S. 2054, to authorize appropriations for the Peace Corps for 1966 (pp. 18304-5). House conferees have not yet been appointed.

6. FOREIGN AID. Sen. Javits commended and inserted several articles on the efforts of President Frei of Chile to promote the economic development of Latin America. pp. 18292-5
Received from AID a reply to a GAO report "relating to unnecessary costs resulting from an inflexible policy of donating flour instead of wheat to voluntary relief agencies for distribution abroad under the Agricultural Act of 1949." p. 18291
Received from AID a reply to a GAO report "relating to unnecessary dollar costs incurred in financing/purchases of commodities produced in Brazil." p. 18291

~~HOUSE~~

7. PERSONNEL. The Government Operations Committee reported with amendment H. R. 4653, to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions (H. Rept. 703) (p. 18287); and without amendment H. R. 902Q, to amend section 7 of the Administrative Expenses Act of 1946, as amended, to provide for the payment of travel costs for applicants invited by a department to visit it for purposes connected with employment (H. Rept. 710) (p. 18288).

8. CLAIMS. Passed with amendments H. R. 5024, to provide for settlement of claims by Government personnel for damage to or loss of personal property incident to their service. pp. 18241-43

9. POVERTY. Rep. Mackay spoke in support of the bill to expand the war on poverty. p. 18268

10. EDUCATION. Rep. Langen commended House passage of the proposed Vocational Rehabilitation Act Amendments calling it "the most effective war on poverty legislation yet passed." p. 18269

11. FARM PROGRAM. Rep. Findley criticized the farm bill stating that a speech text issued by Secretary Freeman "in which he predicted net farm income will be reduced...if Congress fails to act" is "fiction and grossly misleading." pp. 18269-70

12. WATER. Rep. Tunney discussed the inadequate water supply throughout the nation and urged planning for future water needs. pp. 18270-2

Calendar No. 515

89TH CONGRESS
1st Session }

SENATE }

REPORT
No. 532

ONE-CHECK PAYMENTS

AUGUST 2, 1965.—Ordered to be printed

Mr. ROBERTSON, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany S. 1309]

The Committee on Banking and Currency, to which was referred the bill (S. 1309) to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE OF THE BILL

S. 1309 is intended to simplify and clarify the laws relating to Government disbursing procedures. If a number of employees of a Government agency, or other persons to whom the agency has to make payments, ask that payments due to them be sent to a single bank, savings bank, savings and loan association, or credit union, S. 1309 would authorize the agency to send a single check for the aggregate amount, specifying the amount to be credited to the account of each of the individuals.

GENERAL STATEMENT

S. 1309 was proposed by the Department of the Air Force in a letter of January 28, 1965. The Treasury Department recommended enactment. The Comptroller General, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Department of Justice, and the Department of Health, Education, and Welfare advised that they would have no objection to the bill. In addition, letters supporting the bill were received from the American Bankers Association and CUNA International, Inc. A hearing was held on July 21, 1965, at which representatives of the Department of the Air Force and the Treasury Department testified in support of the bill.

The Department of the Air Force, in order to simplify its payroll procedures and to reduce expenses, has undertaken one-check payroll procedures at a number of installations. This has been questioned by the General Accounting Office under some conditions as going beyond current statutory authority, though in other cases the General Accounting Office found there was such authority and took no exception to the procedure.

The letter from the Department of the Air Force and the statement by the Air Force representative at the hearing take the position that significant savings might result from the enactment of this bill.

EXPLANATION OF THE BILL

The bill would add two new subsections to section 3620 of the Revised Statutes (31 U.S.C. 492). The first new subsection (subsec. (b)) would empower the head of an agency, on the written request of a person to whom a payment is to be made and subject to regulations issued by the Secretary of the Treasury, to authorize a disbursing officer to make the payment by sending a check to a financial organization designated by the payee. In cases where several persons to whom payments are to be made have designated the same financial organization to receive their payments, the head of the agency could, at the written request of the payees, send a single check to the financial organization for the total amount due, specifying the amount to be credited to each person's account.

The authorization is entirely voluntary, both as far as the individual agency is concerned and as far as the employee or other payee is concerned. The provision would apply primarily to employees and payrolls, but it would not be limited to payrolls and would apply to any other persons entitled to payments from the Government, for example, persons entitled to pensions, retirement, or other similar payments.

The new authority would be subject to regulations prescribed by the Secretary of the Treasury. These regulations would be designed to assure that these procedures would be applied only where Government economies would result and that all payroll and other disbursement procedures would not be compromised, but would continue to provide full protection to the interests of the Government and the payees involved. The committee expects that these regulations would provide for equal participation by the various financial institutions covered by the bill. These regulations should also be designed to make sure that no compulsion or undue influence is exerted on employees or other payees, either to take their payments by way of check or to designate any particular financial institution, if they do not wish to do so.

The subsection would define "agency" broadly so as to include all departments, boards, and commissions in the executive or judicial branches, Government corporations and the municipal government of the District of Columbia. "Financial organization" would be defined as any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

The second new subsection (subsec. (c)) would provide that payment by the United States of a check drawn in accordance with the statute

and properly endorsed would constitute a full acquittance for the amount due to each payee.

COMMITTEE AMENDMENTS

The committee made several amendments to the bill and to its title for technical reasons and to spell out more clearly the coverage of the bill.

The bill as introduced referred to "banking organizations," indirectly defining a banking organization as "a bank, savings institution, or Federal or State chartered credit union."

The committee amended the term "banking organizations" to "financial organizations" since the broader term seemed more appropriate in the light of the kinds of organizations involved. In addition, the committee inserted a specific definition of the term "financial organization," defining it as "any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union." The term "bank," of course, is broad enough to include a trust company, and the term "savings and loan association or similar institution" would cover building and loan associations, cooperative banks, and the like.

A technical amendment was also made to line 6 of page 1 in order to correct the reference to section 3620 of the Revised Statutes. Section 3620 does not contain the phrase "Except as otherwise provided by law," which appears in 15 U.S.C. 391.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

REVISED STATUTES, SECTION 3620

Section 3620. (a) It shall be the duty of every disbursing officer having any public money intrusted to him for disbursement, to deposit the same with the Treasurer * * * and to draw for the same only as it may be required for payments to be made by him in pursuance of law and draw for the same only in favor of the persons to whom payment is made; * * *.

(b) *Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—*

(1) *by sending to the financial organization designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or*

(2) *if more than one person to whom a payment is to be made designates the same financial organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of these persons.*

In this subsection, "agency" means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia; "financial organization" means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly endorsed, shall constitute a full acquittance for the amount due to the person requesting payment.



Calendar No. 515

89TH CONGRESS
1ST SESSION

S. 1309

[Report No. 532]

IN THE SENATE OF THE UNITED STATES

MARCH 1, 1965

Mr. ROBERTSON (by request) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

AUGUST 2, 1965

Reported by Mr. ROBERTSON, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 3620 of the Revised Statutes, as amended (31
4 U.S.C. 492), is amended—

5 (1) by inserting the designation “(a)” before the
6 word “~~Except~~” “*It*” at the beginning thereof; and
7 (2) by adding the following new subsections at the
8 end thereof:

9 “(b) Notwithstanding subsection (a) or any other pro-
10 vision of law, and under regulations to be prescribed by the

1 Secretary of the Treasury, the head of an agency may, upon
2 the written request of a person to whom a payment is to
3 be made, authorize a disbursing officer to make the pay-
4 ment—

5 “(1) by sending to the bank, savings institution,
6 or Federal or State chartered credit union *financial orga-*
7 *nization* designated by that person a check that is drawn
8 in favor of that organization and for credit to the account
9 of that person; or

10 “(2) if more than one person to whom a payment
11 is to be made designates the same *banking financial*
12 organization, by sending to the organization a check that
13 is drawn in favor of the organization for the total amount
14 due those persons and by specifying the amount to be
15 credited to the account of each of those persons.

16 In this subsection, ‘agency’ means any department, agency,
17 independent establishment, board, office, commission, or
18 other establishment in the executive, legislative, or judicial
19 branch, of the Government, any wholly owned or controlled
20 Government corporation, and the municipal government of
21 the District of Columbia; ‘*financial organization*’ means any
22 *bank, savings bank, savings and loan association or similar*
23 *institution, or Federal or State chartered credit union.*

24 “(c) Payment by the United States of a check, drawn
25 in accordance with subsection (b) and properly endorsed,

1 shall constitute a full acquittance for the amount due to the
2 person requesting payment."

Amend the title so as to read: "A bill to authorize checks to be drawn in favor of financial organizations for the credit of a person's account, under certain conditions."

89TH CONGRESS **S. 1309**
1st Session

[Report No. 532]

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

By Mr. ROBERTSON

MARCH 1, 1965

Read twice and referred to the Committee on Banking and Currency

AUGUST 2, 1965

Reported with amendments

AUTHORIZING CHECKS TO BE DRAWN IN FAVOR OF
BANKING ORGANIZATIONS FOR THE CREDIT OF A
PERSON'S ACCOUNT, UNDER CERTAIN CONDITIONS

AUGUST 2, 1965.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. DAWSON, from the Committee on Government Operations,
submitted the following

R E P O R T

[To accompany H.R. 4653]

The Committee on Government Operations, to whom was referred
the bill (H.R. 4653) to authorize checks to be drawn in favor of banking
organizations for the credit of a person's account, under certain
conditions, having considered the same, report favorably thereon with
an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

AMENDMENT

Page 1, line 6, strike out "Except" and insert in lieu thereof
"It".

PURPOSE OF AMENDMENT

This is a technical amendment, involving enumeration only,
required because the section of the original statute on which the
United States Code provision (31 U.S.C. 492) is based begins with the
word "It" rather than the word "Except" as is found in the code.
Apparently, an error was made in codification. The statutes, of
course, are controlling.

SUMMARY AND PURPOSE OF THE BILL

H.R. 4653 would permit Federal departments and agencies to send
checks to banks, savings and loan associations, credit, unions, and
other banking organizations to be deposited to the accounts of em-

ployees or other persons regularly receiving Government checks; and where more than one person designates the same bank or savings institution as his depository a single check may be drawn by the agency in favor of that bank or institution accompanied by a list of the names of the payees and the amounts to be credited to their individual accounts.

The practice of sending salary checks to banks for deposit to the account of the employee when he requested it has been widely used in various departments and agencies of the Federal Government for some time. Many employees and other regular payees, such as retirees and pensioners, find this more convenient than having their checks delivered to them directly. No special problems appear to have been created for the agencies in providing such convenience.

There are situations, however, where a number of payees may designate the same bank or savings institution as a depository. It appears that in such cases some saving in printing and handling could result if the agency could send a single check to the depository accompanied by a list of the payees and the amounts to be credited to their accounts. This practice was being followed by the Department of the Air Force until the Comptroller General took exception to the procedure and ruled in 1959 that drawing checks, in favor of banks, for deposit to employees' accounts was in contravention of law. According to the Comptroller, section 3477 of the Revised Statutes (31 U.S.C. 203) precludes the assignment of claims unless a proper power of attorney or other authority in the prescribed form is executed and section 3620 requires disbursing officers to draw checks only in favor of the person to whom payment is made. Accordingly, after consultation with the Treasury Department, this bill was drawn by the Air Force to cover all departments and agencies and transmitted to the Congress. It will overcome the ruling of the Comptroller General and permit the issuance of the single check drawn to the depository.

The bill amends section 3620 of the Revised Statutes (31 U.S.C. 492) which prescribes and limits the duties of disbursing officers. It changes the enumeration of the section and adds language that provides that under regulations to be prepared by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment (1) by sending to the bank, savings institution, or Federal or State chartered credit union designated by that person a check drawn in favor of that organization and for credit to the account of that person; or (2) if more than one person designates the same banking organization, by sending a single check made out to the organization for the total amount due specifying the amount to be credited to the account of each of those persons.

The term "agency" is defined to give broad coverage to Federal establishments and the bill specifies that payment by the United States of a check, drawn in accordance with the language above and properly endorsed, shall constitute a full acquittance for the amount due to the person requesting payment. The Acting General Counsel

of the Treasury Department, in a letter to the committee, stated the assumption that—

the words "banking organization" as used in subparagraph (2) of subsection (b) and in the title of the bill are to be interpreted as general terminology covering the same organizations specified in subparagraph (1); namely, banks, savings institutions or Federal or State chartered credit unions.

The committee agrees that the words "banking organization" should have this interpretation and believes that regulations implementing the authority in subparagraphs (1) and (2) should treat these institutions on an equal basis.

It should be emphasized (a) that the single check procedure can only be conducted under regulations to be issued by the Secretary of the Treasury; (b) that it will be discretionary with the head of the department or agency to put it into practice; (c) that the employee or other payee must himself request that the check be forwarded and must himself designate the bank or other depository to which it will be sent.

HEARINGS

A similar bill, H.R. 11911, was introduced in the 88th Congress. Hearings were held by the Subcommittee on Executive and Legislative Reorganization at which time representatives of the Treasury Department, the Air Force, and the Credit Union National Association testified in support of the legislation. Further hearings were held by the subcommittee on the instant bill at which time a representative of the Air Force testified. Communications have been received by the committee in both Congresses supporting the bill. No opposition has been registered.

GENERAL STATEMENT

The committee supports this measure for the convenience it will provide to employees and other regular payees of the Federal Government and for the potential economies to the Government that may ensue.

More and more employees are using checking accounts rather than cash to pay their bills and the use of banks is more and more displacing the paymaster's window. It seems inevitable with the rapid development of automation that some such procedure as this bill authorizes must be established. No persuasive reasons against granting the authority have come to our attention.

Savings should incur to the Government through the single check procedure in obviating the necessity of preparing large numbers of individual checks, in postage, paper, and other costs. No accurate estimates can be made at this time of possible Government-wide savings but the Air Force reported to us a study it made at Warner Robbins Air Force Base from which it projected that this bill may enable the reduction in preparation of approximately 3 million employee checks per year in the Department of the Air Force. It computed its cost of mailing a Treasury check to a banking organization

and its ultimate cancellation by the Treasury at approximately 7½ cents. A full statement is contained in the Air Force letter to the Speaker of the House of Representatives in the appendix below.

We were informed by the Treasury that the regulations it must issue would be carefully considered and that the single check system is procedurally feasible and economical under only certain conditions.

Some of the prerequisite conditions that we would plan to establish in our regulations are: (1) a relatively large payroll, at a single installation; (2) a substantial percentage of voluntary participation on the part of payees; (3) a substantial number of payees designating each participating bank (hence, a substantial number of participating employees per single check); and (4) willingness of banks to cooperate.

We have no question about the desirability of the procedure where, for example, (1) there is a relatively large installation at a suburban location, with very few banks; (2) a substantial number of employees have accounts at the bank or banks; and (3) they wish to have their pay credited directly to such accounts.

In the absence of advantageous circumstances such as these, we do not feel it would be worth having two different procedures within a single payroll—one part for individual checks to payees and another small part for composite checks to a number of banks, each composite check covering few persons.

The relative merits, of course, could also vary from installation to installation, depending upon the particular technology used, such as in payrolling. Also, future technological advances could change the relative merits.

Therefore, we feel that there should be a readiness to apply the procedure wherever it will pay dividends by now making it legally permissive.

The committee understands that not all agencies will find it practicable to use the single check procedure. The Social Security Administration prefers to maintain direct contact with its beneficiaries through the direct mailing of checks. We were informed by the Department of Health, Education, and Welfare:

This contact is the agency's primary means of (1) keeping informed of the current addresses of beneficiaries, (2) reaching them with prompt notice of changes in their status, and (3) learning of departure of beneficiaries from the country (special provisions apply to payments of benefits overseas). In addition, we would lose the advantages in the matter of compliance with the law's provisions on continuing eligibility for benefits deriving from the present method of mailing each beneficiary his check. Under the present method the individual's endorsement of his check attests to his continuing eligibility, to the fact that no event (such as increased earnings, change in family status, etc.) has occurred to render him ineligible. Also, the individual check system is a valuable source for putting the agency on notice of the death of beneficiaries.

There is, therefore, no suggestion of compulsion on an agency to utilize the authority provided in the bill.

The committee finally wishes to make it clear that in no way does the legislation favor the use of one type of banking organization over another among those authorized as depositories in the bill.

The Bureau of the Budget, the Department of the Treasury, the Federal Reserve Board, the Department of Justice, and all reporting departments and agencies favor enactment of the legislation.

REPORTS FROM DEPARTMENTS AND AGENCIES

BUREAU OF THE BUDGET

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 13, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget on H.R. 4653, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The purpose of this bill is to permit heads of agencies, under regulations prescribed by the Secretary of the Treasury, to authorize the drawing of a single check in favor of a banking institution which would represent payment to one or more persons who use that organization as a depository.

We believe that H.R. 4653 is desirable in that it will promote increased economy and efficiency by establishing simplified procedures for agency banking of Federal employees' salary checks. The bill would be particularly helpful to Federal establishments which have large concentrations of employees.

There is no objection from the standpoint of the administration's program to the enactment of H.R. 4653.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

DEPARTMENT OF THE AIR FORCE

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, January 28, 1965.

Hon. JOHN W. McCORMACK,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: There is forwarded herewith a draft of legislation to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

This proposal is a part of the Department of Defense legislative program for the 89th Congress. In accordance with the recommendation of the Treasury Department, the proposal was made applicable to all Government agencies. The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this proposal for the consideration of the

Congress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

Generally, the purpose of the proposed legislation, which is Government-wide in scope, is to authorize Government agencies, under regulations to be prescribed by the Secretary of the Treasury, to draw checks in favor of banking organizations for the credit of a person's account, under certain conditions. Specifically, it would permit the heads of departments, agencies, independent establishments, boards, commissions, and offices in the executive, legislative, and judicial branches of the Government, wholly owned or controlled Government corporations, and the municipal government of the District of Columbia to authorize the drawing of a check by a disbursing officer in favor of a bank, savings institution, or Federal or State chartered credit union which represents payments to one or more persons who use that organization as a depository. In other words, if more than one person designates the same banking organization as a depository, a single check may be drawn in favor of the banking organization for the total amount due to such persons and transmitted to the banking organization, identifying each person, and the individual amount to be deposited to his account. The method of payment authorized by this proposal would cover payments of a repetitive type (payroll, retirement, pension, etc.) and apply to persons who are (1) civilian officers or employees in or under the executive, legislative, or judicial branch of the Government; (2) Members of Congress; (3) civilian officers or employees of the municipal government of the District of Columbia; and (4) members or former members of the uniformed services. It would also apply to persons who are retired.

This procedure has been used by the Department of the Army since 1913 in administering officers' pay and since 1956 in administering the pay of other personnel. It has been used by the Air Force since 1955. Although this procedure has not been specifically authorized by the Department of the Navy, it has been used by the Marine Corps since 1958 and by a few Navy activities in the payment of military personnel.

As background, using one service, the Department of the Air Force only, as an example to eliminate duplication of remarks, the following information is submitted:

(a) Paragraph 70401.1, AFM 173-50 (now paragraph 30316, AFM 177-108) (finance systems and procedures), permitted the drawing of checks payable to banking organizations for the credit of the account of a civilian employee on his request. It also provided that when more than one person designated the same banking organization, a single check could be drawn in the total amount, if each employee and the amount to be deposited to his account was identified with the check.

(b) The Comptroller General of the United States, in decision No. B-141025, November 12, 1959, took specific exception to the procedure contained in paragraph 70401.1, AFM 173-50. He held that drawing checks covering salary payments of civilian employees, in favor of banks, for deposit to the employee's account, is in contravention of law.

Sections 3477 and 3620 of the Revised Statutes (31 U.S.C. 203 and 492, respectively) were cited.

(c) After intensive study, the Assistant Secretary of the Air Force (Financial Management) dispatched a letter to the Comptroller General of the United States on May 13, 1960, citing the benefits of the single check procedure and enclosing a savings study and an opinion of the Air Force General Counsel. Reply to this letter was dated August 3, 1960, and held that there was no legal basis for modification or revision of his original decision.

(d) Again on September 29, 1960, the Assistant Secretary of the Air Force (Financial Management) requested reconsideration of the opinion and placed questions for clarification in the event the decision was confirmed. The decisions of November 12, 1959, and August 3, 1960, were sustained by the Comptroller General on December 20, 1960. In this letter it became apparent that the applicability of the original decision would have to be extended to the procedure for the payment of military members. Paragraph 30406b, AFM 173-10 (now paragraph 30316, AFM 177-108) (organization, functions, and responsibilities of finance offices), permitted the same procedure as contained in paragraph 70401.1, AFM 173-50, for drawing checks payable to banking organizations for the credit of the military member.

(e) Finally, the Comptroller General has agreed with representatives of the Department of Defense that present procedures in the military departments may remain unchanged pending actions on the proposed legislation. The procedure will not be expanded until legislation is obtained.

The proposed legislation permitting the drawing of checks payable to banking organizations has been drafted to permit use of a single check when more than one person has designated that banking organization. The practice of consolidating payment of multiple vouchers into one check to one payee is presently encouraged in settling commercial invoices throughout the Government in paragraph 5010.40, title 7, General Accounting Office Manual.

The mailing of payroll checks to an address designated by the employee or military member has become increasingly prevalent within the Department of Defense. The advantages to the Government are manifold.

(a) Payroll action is complete at the time the check has been drawn, enveloped, and dispatched. The civilian personnel office staff is not involved in the distribution.

(b) Circumstantially, banking facility hours are normally within the working day. Although no valid computation of working time lost by individuals in banking or cashing of payroll checks during duty hours can be made, this cannot be ignored. By mailing checks to a home address or to a bank, this problem of lost time is materially reduced. When mailed to the bank, no occasion for a visit to the banking facility arises to dispose of the check. When the check is mailed to the home address, cashing or depositing is usually conducted during other than duty hours.

(c) Persons normally designed to distribute checks need not leave their place of duty either to pick up, distribute, or return undelivered checks. Factually, at Warner Robins Air Force Base, Ga., with a civilian payroll of 15,000 civilians (all of whom are now paid by checks), 350 man-hours were used each week in the distribution

process, under the individual check system. In addition to the monetary saving, which is obvious, under the single check system, these individuals are now available for thier primary duty during the time which was formerly used for the distribution of checks.

(d) At Warner Robins Air Force Base, with 15,000 civilian employees on the payroll, more than 6,000 had designated banks as mailing addresses. This designation was completely voluntary and can be considered as a reasonable percentage of a typical civilian employee group. If the mailing service is made available, it can be assumed that there is a potential of 120,000 persons within the approximately 300,000 Air Force civilian employees who would designate a bank as a mailing address. Among military members in the Washington area paid through the Bolling and Andrews Air Force Base offices, approximately 2,500 of 6,000 Air Force officers have designated a bank as a mailing address. Although the use of banks as a mailing address by enlisted Air Force personnel is not as prevalent as among civilians and officers, approximately 8 percent in the Washington area have designated banks as mailing addresses.

(e) The factual data obtained at Warner Robins Air Force Base reveals that 3,000 employees are being paid each week by the use of 11 checks payable to banks. Approximately 155,000 fewer Treasury checks are drawn each year at that base by use of the single check procedure.

(f) Assuming that the experience data furnished by Warner Robins Air Force Base is typical of civilian payrolls, then—

(1) Elimination of 155,000 checks per year in the payment of 15,000 civilian employees would indicate that if the single check program is extended to cover all 300,000 Air Force employees then a substantial savings in the drawing of 3,100,000 Treasury checks per year will result.

(2) The following is a computation of the cost of mailing a Treasury check to a banking organization and ultimate cancellation by Treasury:

Cost of printed check	\$0.00250
Cost of window envelope	.00300
Postage	.05000
Treasury processing ¹	.004
Machine preparation ²	.01330
Cost of Treasury check	.07280

¹ Provided by Treasury Department.

² Cost data from Air Force Accounting and Finance Center.

(3) Use of the single check for only civilian payrolls within the Air Force can produce a substantial savings each year in the basic cost of processing and mailing of Treasury checks. Conversion to a computer system for military pay has recently required changes in our procedures. We expect to program for the use of the blanket check procedure where economies can be achieved. However, at this point in time we cannot predict the extent of its utilization. Most Air Force enlisted members are now paid on a semimonthly basis. Use of the program for even a small percentage of enlisted personnel is expected to generate measureable savings.

COST AND BUDGET DATA

The cost of drawing and processing a Treasury check by mechanical or electronic means has been greatly reduced during the past several years in Government offices and commercial institutions. However, the basic cost of a printed check and envelope, postage, and processing must be considered when the quantity is significant. The use of the single check procedure will produce sizable savings to the U.S. Government. Enactment of the proposed legislation will be extremely advantageous to civilian employees and military members and will generate sizable savings to the U.S. Government through the use of the single check when banking organizations are designated as a mailing address. No compromise of payroll computation procedures or change to these procedures is necessary.

Sincerely,

EUGENE M. ZUCKERT.

A BILL To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "Except" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof

"(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

"(1) by sending to the bank, savings institution, or Federal or State chartered credit union designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or

"(2) if more than one person to whom a payment is to be made designates the same banking organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.

In this subsection, 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia.

"(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly indorsed, shall constitute a full acquittance for the amount due to the person requesting payment."

DEPARTMENT OF THE TREASURY

THE GENERAL COUNSEL OF THE TREASURY,
*Washington, April 12, 1965.*Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for the views of this Department of H.R. 4653, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The proposed legislation would permit agency heads to authorize disbursing officers of the Government, under regulations prescribed by the Secretary of the Treasury, to draw checks in favor of banks, savings institutions, or Federal or State chartered credit unions designated by and for credit to the account of an individual payee. If more than one individual designated the same organization, the drawing of a composite check in favor of the organization, supported by a list of the amounts to be credited to the accounts of the several individuals, would be authorized.

The proposed legislation is almost identical to H.R. 11911, 88th Congress, 2d session, which the Department supported in a report to you dated July 27, 1964, and on which we gave favorable testimony before your Subcommittee on Executive and Legislative Reorganization on August 12, 1964. Our comments on the measure were to the effect that the composite check procedure, when authorized Government-wide on a permissive and selective basis, and when carried out under regulations issued by the Secretary of the Treasury to insure its most advantageous application, would, in our opinion, be a worthwhile addition to Federal fiscal procedures.

H.R. 4653 differs from H.R. 11911 only insofar as the word "banking" has been inserted before the word "organization" on line 11 of page 2 of the bill and has been substituted for the word "certain" in the title of the bill. Subparagraph (1) of subsection (b) would permit the issuance of a check in favor of a bank, savings institution, or Federal or State chartered credit union for credit to the account of a person authorizing such action. Subparagraph (2) of subsection (b) would authorize the same action in the form of a composite check covering two or more persons who designated the same organization. On the premise that what would be true for individual checks under subparagraph (1) would be equally true for composite checks under subparagraph (2), we assume that the words "banking organization" as used in subparagraph (2) of subsection (b) and in the title of the bill are to be interpreted as general terminology covering the same organizations specified in subparagraph (1); namely, banks, savings institutions, or Federal or State chartered credit unions.

Since H.R. 4653 would accomplish the same objectives as H.R. 11911, we recommend its enactment.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

FRED B. SMITH,
Acting General Counsel.

GENERAL ACCOUNTING OFFICE

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, February 25, 1965.

B-141025.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. CHAIRMAN: Your letter of February 11, 1965, transmitted a copy of H.R. 4653, entitled "A bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions," and requested our report and comments thereon.

H.R. 4653 is practically identical with H.R. 11911, 88th Congress, subject of our report to you dated July 24, 1964, B-141025. As we advised you in that report, the bill apparently stems from our decision of November 12, 1959 (39 Comp. Gen. 372), holding that the issuance of a single Government check to a bank for deposit to the individual accounts of employees upon their request, rather than issuance of individual checks directly to such employees, was in contravention of section 3477, Revised Statutes (31 U.S.C. 203), and section 3620, Revised Statutes (31 U.S.C. 492). Section 3477 precludes the assignment of claims unless a proper power of attorney or other authority in the prescribed form is executed, and section 3620 requires disbursing officers to draw checks only in favor of the person to whom payment is made. This holding was sustained by our decisions of August 3, 1960, and December 20, 1960, B-141025, respectively.

In the aforementioned decision of December 20, 1960, B-141025, to the Secretary of the Air Force, we stated, in pertinent part, as follows:

"d. Where there is statutory authority for allotments or regulations issued pursuant to statutory authority authorizing allotments, we have no objection to the issuance to a bank of a single Government salary check covering numerous employees, if it is administratively determined to be in the best interest of the Government to do so."

Subsequently, by letter of October 21, 1963, the Assistant Secretary of the Army (Financial Management) requested advice as to whether our Office would object to the initiation by the Army of the procedure for issuing a single Government salary check to a bank for deposit to the individual accounts of employees upon their request pending enactment of legislation authorizing such procedure. In response to the Assistant Secretary's request, we stated in decision of December 2, 1963, B-141025, copy enclosed, to the Secretary of the Army that the language of section 5 of the act of September 26, 1961, Public Law 87-304 (75 Stat. 663; 5 U.S.C. 3075 (Supp. IV)) would permit allotments and assignments by civilian employees of compensation for such purposes as the department head deems appropriate—subject to the regulatory authority of the President which in turn has been delegated to the Civil Service Commission by section 2(b) of Executive Order No. 10982. Therefore, we advised the Secretary that we would have no objection to the initiation of a procedure for issuing a single Government salary check to a bank for deposit to the individual accounts of civilian employees upon their request, provided that such procedure is restricted to those categories of employees set forth in

section 25.604(a) of the Federal Personnel Manual, Z1-331. Also, we advised the Secretary that in view of the statutory authority for allotments set forth in subsection 701(d) of the act of September 7, 1962 (37 U.S.C. 701(d) (Supp. IV)) we would have no objection to the initiation of a procedure for issuing a single Government check covering the pay of numerous members of the Army to a bank for deposit to the individual accounts of the members upon their request, provided that the purpose of such allotments is considered to be proper by the Secretary of the Army.

In view of the aforementioned decisions, it appears that the check issuance procedure proposed in H.R. 4653 could be accomplished under existing statutory authority for allotments or regulations issued pursuant to statutory authority authorizing allotments for almost all officers and employees of the Government and members of the Armed Forces. However, we have no objection to the bill since the proposed procedure would be made applicable to all officers and employees of the Government and all members of the Armed Forces, and the proposed procedure would be administered under uniform regulations.

We have not attempted to determine whether monetary savings to the Government would result from the instituting of the proposed consolidated check issuance procedure; however, it appears reasonable to expect that savings to the Government would result.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., December 2, 1963.

B-141025

The Honorable the SECRETARY OF THE AIR FORCE.

DEAR MR. SECRETARY: By letter of October 21, 1963, which was cleared by the Department of Defense Military Pay and Allowance Committee and assigned control No. SS-A-727, the Assistant Secretary of the Army (Financial Management) requested advice as to whether our Office would object to the initiation by the Army of a procedure for issuing a single Government salary check to a bank for deposit to the individual accounts of employees upon their request pending enactment of legislation authorizing such procedure.

In our decision of December 20, 1960, B-141025, to the Secretary of the Air Force, we stated, in pertinent part, as follows:

"d. Where there is statutory authority for allotments or regulations issued pursuant to statutory authority authorizing allotments, we have no objection to the issuance to a bank of a single Government salary check covering numerous employees, if it is administratively determined to be in the best interest of the Government to do so."

Section 5 of the act of September 26, 1961, Public Law 87-304 (75 Stat. 663; 5 U.S.C. 3075 (Supp. IV)), is as follows:

"The head of each department is authorized to establish procedures under which each employee of such department is permitted to make allotments and assignments of amounts out of his compensation for such purpose as such department head deems appropriate."

Section 6 of that act provides in part that:

"(a) To the extent practicable in the public interest, the President shall coordinate the policies and procedures of the respective departments in the executive branch under this Act.

"(b) The President, with respect to the executive branch, and the head of the department concerned, with respect to the appropriate department outside the executive branch, shall prescribe and issue, or provide for the formulation and issuance of, such regulations as are necessary and appropriate to carry out the provisions, accomplish the purposes, and govern the administration, of this Act. * * *"

Section 2(b) of Executive Order No. 10982 of December 25, 1961, is as follows:

"The Civil Service Commission is hereby designated and empowered, without the approval, ratification, or other action of the President, to perform the functions conferred upon the President by the provisions of section 6 of the act with respect to allotments and assignments authorized by section 5 of the act."

The language of section 5 of the act of September 26, 1961, quoted above, would permit allotments and assignments of compensation for such purposes as the department head deems appropriate—subject to the regulatory authority of the President which in turn has been delegated to the Civil Service Commission by section 2(b) of Executive Order No. 10982.

The regulations of the Civil Service Commission pertaining to allotments of compensation issued pursuant to section 2(b) of Executive Order No. 10982, appear in sections 25.604 and 25.605, Federal Personnel Manual, Z1-331. Section 25.604(a) provides that allotments may be authorized only under the following circumstances:

"(1) When an employee is assigned to a post of duty outside the continental United States; or

"(2) When an employee is working on an assignment away from his regular post of duty when the assignment is expected to continue for three months or more; or

"(3) When an employee is serving as an officer or a member of a crew on a vessel under the control of the Government of the United States."

In accordance with the foregoing, we would have no objection to the initiation of a procedure for issuing a single Government salary check to a bank for deposit to the individual accounts of civilian employees upon their request, provided that such procedure is restricted to those categories of employees set forth in the above-quoted regulations of the Civil Service Commission. The procedure in question cannot be initiated with respect to civilian employees that are not included in the aforementioned categories without revision by the Civil Service Commission of the above-quoted regulations.

Subsection 701 (d) of the act of September 7, 1962 (37 U.S.C. 701(d) (Supp. IV)), provides, in pertinent part, as follows:

"(d) The Secretary of the Army * * * may allow a—

"(1) member of the Army * * * to make allotments from his pay for the support of his relatives, or for any other purpose that the Secretary * * * considers proper. * * *"

In view of the above-quoted statutory authority for allotments, we would have no objection to the initiation of a procedure for issuing a single Government check covering the pay of numerous members of

14 CHECKS DRAWN IN FAVOR OF BANKING ORGANIZATIONS

the Army to a bank for deposit to the individual accounts of the members upon their request, provided that the purpose of such allotments is considered to be proper by the Secretary of the Army.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States

DEPARTMENT OF AGRICULTURE

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 28, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR CONGRESSMAN DAWSON: As you requested in your letter of February 11, 1965, we submit this Department's report on H.R. 4653, a bill to authorize checks to be drawn in favor of certain organizations for the credit of a person's account, under certain conditions.

We believe that the bill is desirable in that it provides a means for achieving economies in agencies and in the Treasury Department through greater latitude in the issuance of checks. This Department recommends that the bill be passed.

As we see it the bill would benefit Federal establishments which have large concentrations of employees and where a large number of checks would be drawn to a single bank or credit union.

At present many of our employees have their checks mailed directly to their banks. The checks are drawn to the employee and carry his bank account number as a part of the mailing address. Arrangements for deposit to his account are worked out through power of attorney between the employee and his bank. This procedure is practical and inexpensive.

We understand that, if this legislation is enacted, the Treasury Department regulations will require adoption of the procedure provided in the bill, where a savings to the Government will result from improvement in operations in the agencies or in the Treasury Department. We would use the provisions of this bill at any time that economies to the Government as a whole would result.

The Bureau of the Budget advises that there is no objection from the standpoint of the administration's program, to the presentation of this report.

Sincerely yours,

ORVILLE L. FREEMAN.

DEPARTMENT OF COMMERCE

GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE,
Washington, D.C., March 24, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for the views of this Department on H.R. 4653, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The bill would authorize Government agencies to draw checks in favor of banking organizations for credit to the account of one or more persons who use that organization as a depository. This authority would generally be used in connection with regular periodic payments such as payrolls. The plan is intended to simplify the check distribution process and reduce the number of checks that must be created and settled. The Department recommends enactment of this legislation.

The proposal was part of the Department of Defense legislative program for the 88th Congress. Certain activities of the Department of Defense have used the procedure for some time and obtained economies in the payroll process. The bill is necessary to overcome a technical objection of the Comptroller General that payments by this method appear to violate a section of law that requires that a check be written only in favor of the employee.

The Department of Commerce does not have immediate plans to use this authority. However, as we progress in the use of computer equipment for payroll preparation, it is a good possibility that we could obtain economies by use of the technique this legislation would allow.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of our report from the standpoint of the administration's program.

Sincerely,

ROBERT E. GILES,
General Counsel.

FEDERAL RESERVE SYSTEM

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
OFFICE OF THE CHAIRMAN,
Washington, March 2, 1965.

Hon. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of February 11, 1965, for a report on the bill H.R. 4653, to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions. It is understood that the purpose of the bill is to permit Government agencies to draw a single check in favor of banking organizations for the credit of the accounts of persons who regularly receive Government checks.

The Board recommends favorable consideration of the bill. It gives promise of promoting economy and efficiency of operations, at least in the case of the larger Government and department agencies. In addition, to the extent that they elect to utilize this authority, it will reduce the number of checks presented to the Federal Reserve banks for collection, thereby possibly cutting operating costs of the Reserve banks.

Sincerely yours,

WILLIAM McC. MARTIN, Jr.

GENERAL SERVICES ADMINISTRATION

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 12, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Your letter of February 11, 1965, requested the views of the General Services Administration on H.R. 4653, 89th Congress, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The purpose of the bill is to authorize disbursing officers of Federal agencies to make payments with one check to banks, savings institutions, Federal or State chartered credit unions if more than one person to whom a payment is due designate the same organization for payment to their accounts. The bill would also give specific statutory recognition to the existing practice whereby disbursing officers, at the written request of a person to whom a payment is to be made, send to a bank or savings institution on an individual basis a check to the account of such person.

The General Services Administration would have no objection to the enactment of H.R. 4653.

It is anticipated that the enactment of this legislative proposal would result in Government-wide saving of operating funds.

The Bureau of the Budget has advised that, from the standpoint of the administration's program, there is no objection to the submission of this report to your committee.

Sincerely yours,

LAWSON B. KNOTT, JR.,
Acting Administrator.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., July 28, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your request of February 11, 1965, for a report on H.R. 4653, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The bill would authorize the head of an agency under regulations to be prescribed by the Secretary of the Treasury, and upon the written request of a person or persons to whom a payment is to be made, to send to a bank, savings institution, or Federal or State-chartered credit union designated by that person a check that is drawn in favor of the organization for credit to the account of the person or persons.

The method of payment contemplated by the bill is one of several that we have studied, and continue to study, in connection with the payment of monthly social security benefits (which now go to 20 million people). These studies have been stimulated by the obvious

value in sending a single check to a bank to cover benefits for a group of beneficiaries rather than a separate check to each beneficiary. What is not obvious is that there are disadvantages. We have not yet developed the means to overcome them but we continue to seek ways of avoiding them.

The chief disadvantage stems from the fact that the Social Security Administration would lose its direct contact with the beneficiaries concerned. This contact is the agency's primary means of (1) keeping informed of the current addresses of beneficiaries, (2) reaching them with prompt notice of changes in their status, and (3) learning of departure of beneficiaries from the country (special provisions apply to payments of benefits overseas). In addition, we would lose the advantages in the matter of compliance with the law's provisions on continuing eligibility for benefits deriving from the present method of mailing each beneficiary his check. Under the present method the individual's endorsement of his check attests to his continuing eligibility, to the fact that no event (such as increased earnings, change in family status, etc.) has occurred to render him ineligible. Also, the individual check system is a valuable source for putting the agency on notice of the death of beneficiaries.

It is for these reasons that the permissive authority now available (Treasury Department Circular No. 21) for the mailing of a social security beneficiary's check to his bank is used by the Social Security Administration only in a relatively small number of unusual cases. These are cases in which it is shown that the beneficiaries are traveling constantly or have other compelling reasons for requesting exception to the general practice.

Since H.R. 4653 would likewise provide only permissively for payment of individuals' social security benefits to their banks, enactment of the bill need have not effect on the direct mailing process now used and preferred for the payment of these benefits, except insofar as the existence of the legislation might lead to pressures upon us from individuals and organizations to make wider use of the permissive authority.

The only remaining area in which the bill would have significance for this Department is in the payment of salaries to our employees. In this area, the bill would have very limited value to HEW, because the geographic location of our employees generally is such as not to recommend its use. All payrolling in HEW is done through a central computer system located in Washington, D.C., with separate salary checks issued to each employee and normally delivered to the employees at their regular places of employment. The proposed single-check system involves no change in payroll computation procedures. All earnings and net pay, as well as all deductions for retirement, income taxes, social security, hospitalization, life insurance, bonds, and union dues will continue to be computed just as they are today. In view of our check distribution practice, moreover, no savings in postage can be expected from use of the single-check procedure, since we cannot reasonably expect either 100 percent participation by the employees of any given installation or designation of the same bank by such employees. We would expect, as a matter of fact, some slight increase in payrolling costs, resulting (1) from the necessity to process employees' requests to deposit their salary checks in a bank, (2) from the necessity to make changes in an employee's designation of banks when he transfers or, for some other reason,

wants to change banks, and (3) from the necessity to process, in effect, separate payrolls (a) for those employees desiring to receive salary checks and (b) for those employees desiring deposit of their salary checks in a banking institution.

We understand, however, that the bill would be of value to a number of other Federal agencies, particularly those with concentrations of employees at somewhat isolated locations where only minimum banking facilities are available. We are confident, of course, that the Treasury Department would prescribe use of the authority only under conditions where such use would be of benefit to the Government.

Since the authority contemplated by the bill is clearly permissive, and since it may be of value to other agencies or in the administration of the credit union program, we would interpose no objection to its enactment.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

WILBUR J. COHEN, *Under Secretary.*

DEPARTMENT OF JUSTICE

DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., July 12, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice concerning H.R. 4653, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The bill would amend section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), which requires that a payment drawn by a Federal disbursing officer against public funds be drawn only in favor of the person to whom it is due. The bill would add a new subsection permitting the head of an agency, on request of a person to whom a payment is due, to authorize a disbursing officer to make the payment by drawing a check in favor of a banking organization designated by such person and by sending it to the organization for credit to the person's account. If more than one person to whom a payment is to be made designates the same banking organization, the disbursing officer could send the organization a check payable to it in the total amount for credit to the account of each such person as specified. Payment under the procedure authorized by the bill would constitute a full acquittance to the United States of the amount paid.

It is expected that the procedures authorized by the bill would result in economy and efficiency in many Federal agencies. Accordingly, the Department of Justice has no objection to the enactment of H.R. 4653.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

RAMSEY CLARK,
Deputy Attorney General.

VETERANS' ADMINISTRATION

VETERANS' ADMINISTRATION,

OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., April 28, 1965.

Hon. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for the views of the Veterans' Administration with respect to H.R. 4653, 89th Congress, a bill to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

The bill is nearly identical to H.R. 11911, 88th Congress, on which we reported favorably to your committee on August 17, 1964. Its basic purpose is to authorize the heads of departments and agencies of the Federal Government to deposit payments due personnel in banks or other financial institutions, by means of a single check, for credit to the account of each individual.

The bill will promote economy and efficiency in the administration of governmental operations and therefore we recommend its favorable consideration by your committee.

We are advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the presentation of this report to your committee.

Sincerely,

W. J. DRIVER, Administrator.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 3620 OF THE REVISED STATUTES

SEC. 3620. (a) It shall be the duty of every disbursing officer having any public money intrusted to him for disbursement, to deposit the same with the Treasurer or some one of the assistant treasurers of the United States,¹ and to draw for the same only as it may be required for payments to be made by him in pursuance of law and draw for the same only in favor of the persons to whom payment is made; and all transfers from the Treasurer of the United States to a disbursing officer shall be by draft or warrant on the Treasury or an assistant treasurer.

¹See footnote on p. 20.

of the United States.¹ In places, however, where there is no treasurer or assistant treasurer, the Secretary of the Treasury may, when he deems it essential to the public interest, specially authorize in writing the deposit of such public money in any other public depository, or, in writing, authorize the same to be kept in any other manner, and under such rules and regulations as he may deem most safe and effectual to facilitate the payments to public creditors.

(b) *Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—*

(1) *by sending to the bank, savings institution, or Federal or State chartered credit union designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or*

(2) *if more than one person to whom a payment is to be made designates the same banking organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.*

In this subsection, "agency" means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia.

(c) *Payment by the United States of a check, drawn in accordance with subsection (b) and properly indorsed, shall constitute a full acquittance for the amount due to the person requesting payment.*

¹ The position of "assistant treasurer of the United States" was abolished, and the functions of such position were transferred in accordance with the provisions of the act of May 29, 1920, set forth below.

"Section 3595 of the Revised Statutes of the United States, as amended, providing for the appointment of an Assistant Treasurer of the United States at Boston, New York, Philadelphia, Baltimore, New Orleans, Saint Louis, San Francisco, Cincinnati, and Chicago, and all laws or parts of laws so far as they authorize the establishment or maintenance of offices of such Assistant Treasurers or of Subtreasuries of the United States are hereby repealed from and after July 1, 1921; and the Secretary of the Treasury is authorized and directed to discontinue from and after such date or at such earlier date or dates as he may deem advisable, such subtreasuries and the exercise of all duties and functions by such assistant treasurers or their offices. The office of each assistant treasurer specified above and the services of any officers or other employees assigned to duty at his office shall terminate upon the discontinuance of the functions of that office by the Secretary of the Treasury.

"The Secretary of the Treasury is hereby authorized, in his discretion, to transfer any or all of the duties and functions performed or authorized to be performed by the assistant treasurers above enumerated, or their offices, to the Treasurer of the United States or the mints or assay offices of the United States, under such rules and regulations as he may prescribe, or to utilize any of the Federal reserve banks acting as depositaries or fiscal agents of the United States, for the purpose of performing any or all of such duties and functions, notwithstanding the limitations of section 15 of the Federal reserve Act, as amended, or any other provisions of law: *Provided*, That if any moneys or bullion, constituting part of the trust funds or other special funds heretofore required by law to be kept in Treasury offices, shall be deposited with any Federal reserve bank, then such moneys or bullion shall by such bank be kept separate and distinct from the assets, funds, and securities of the Federal reserve bank and be held in the joint custody of the Federal reserve agent and the Federal reserve bank: *Provided further*, That nothing in this section shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositaries as heretofore authorized by law."



Union Calendar No. 325

89TH CONGRESS
1ST SESSION

H. R. 4653

[Report No. 703]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1965

Mr. ROSENTHAL (by request) introduced the following bill; which was referred to the Committee on Government Operations

AUGUST 2, 1965

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 3620 of the Revised Statutes, as amended
4 (31 U.S.C. 492), is amended—
5 (1) by inserting the designation “(a)” before the
6 word “Exeep^t” “*It*” at the beginning thereof; and
7 (2) by adding the following new subsections at
8 the end thereof:
9 “(b) Notwithstanding subsection (a) or any other
10 provision of law, and under regulations to be prescribed by

1 the Secretary of the Treasury, the head of an agency may,
2 upon the written request of a person to whom a payment
3 is to be made, authorize a disbursing officer to make the
4 payment—

5 “(1) by sending to the bank, savings institution,
6 or Federal or State chartered credit union designated
7 by that person a check that is drawn in favor of that
8 organization and for credit to the account of that person;
9 or

10 “(2) if more than one person to whom a payment
11 is to be made designates the same banking organization,
12 by sending to the organization a check that is drawn
13 in favor of the organization for the total amount due
14 those persons and by specifying the amount to be
15 credited to the account of each of those persons.

16 In this subsection, ‘agency’ means any department, agency,
17 independent establishment, board, office, commission, or
18 other establishment in the executive, legislative, or judicial
19 branch, of the Government, any wholly owned or controlled
20 Government corporation, and the municipal government of
21 the District of Columbia.

22 “(c) Payment by the United States of a check, drawn
23 in accordance with subsection (b) and properly endorsed,
24 shall constitute a full acquittance for the amount due to the
25 person requesting payment.”

89TH CONGRESS
1ST SESSION

H. R. 4653

[Report No. 703]

A BILL

To authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions.

By Mr. ROSENTHAL

FEBRUARY 9, 1965

Referred to the Committee on Government Operations

AUGUST 2, 1965

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
OFFICIAL BUSINESS

20250

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued
For actions of
August 4, 1965
August 3, 1965
89th-1st; No. 141

CONTENTS

Air pollution.....	43	Farm prices.....	35	Population.....	37
Appropriations.....	2,12	Food.....	5,20,28,37	Potatoes.....	20
Balance of payments.....	4	Foreign aid.....	29	Poultry inspection.....	18
Budget.....	30	Foreign trade.....	22,44	Recreation.....	27
Census.....	26	Fund adjustment.....	12	Research.....	9,41
Checks.....	3	Hunger explosion.....	5	Retirement.....	16
Claims.....	24,38	Intergovernmental relations.....	1	Saline water.....	9
Consumers.....	19	Labor standards.....	15,25,39	Taxation.....	17
Contracts.....	25,39	Loans.....	8,42	Tort claims.....	24
Dairy.....	29	Meat inspection.....	18	Transportation.....	36
Data processing.....	14,45	Military construction.....	10	Voting record.....	34
Daylight time.....	32	Natural beauty.....	27	Voting rights.....	11
Disaster relief.....	17	Oceanography.....	6	Water resources.....	40
Electrification.....	23	Opinion poll.....	33	Water systems.....	42
Employment.....	13	Payrolling.....	3	Watersheds.....	46
Fallout.....	7	Peace Corps.....	21	Weather.....	41
Farm income.....	28	Personnel.....	3,11,13,16,38		

HIGHLIGHTS: House subcommittee approved bill to expand various FHA loan authorities. Rep. Adams commended USDA meat and poultry inspection service. Rep. Purcell commended USDA services for consumers. Rep. Hathaway defended price of potatoes. Senate committees reported Labor-HEW appropriation bill and proposed Intergovernmental Cooperation Act (grants-in-aid, etc.) Rep. Ryan introduced and discussed bill to establish Federal Water Commission.

SENATE

1. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported with amendments S. 561, the proposed Intergovernmental Cooperation Act of 1965 (grants-in-aid, etc.) (S. Rept. 538). p. 18355
2. LABOR-HEW APPROPRIATION BILL, 1966. The Appropriations Committee reported with amendments this bill, H. R. 7765. (S. Rept. 537). p. 18355

3. PERSONNEL; PAYROLLING. Passed with amendments S. 1309, to authorize checks to be drawn in favor of financial organizations for the credit of a person's account, under certain conditions. p. 18460
4. BALANCE OF PAYMENTS. Sen. Symington discussed the "continuing unfavorable balance of payments" situation. pp. 18372-4
5. HUNGER EXPLOSION. Sen. Mondale spoke on the "danger of the world's hunger explosion" and inserted two editorials, "The Poor Are Engulfing the Earth," and "U. S. Acts To Raise World Nutrition." pp. 18378-81
6. OCEANOGRAPHY. Sen. Murphy spoke in support of the bill to provide for expanded research in the oceans and the Great Lakes and to establish a National Oceanographic Council, and paid tribute to San Diego for "its world leadership" in this field. p. 18383
7. FALLOUT. Sen. Bartlett stated "the contamination of the Arctic Alaska food chain by radioactive fallout increases day by day" and urged that we step up our research on radiation and radiation surveillance and countermeasures. pp. 18471-5

HOUSE

8. LOANS. The Subcommittee on Conservation and Credit of the Agriculture Committee "approved for full committee action a subcommittee print (a clean bill to be introduced" to authorize grants and insured loans by the Farmers Home Administration for small community water systems and to increase the authorization for its insured real estate loans. p. D739
9. SALINE WATER. Received the conference report on S. 24, to expand, extend, and accelerate the saline water conversion program of the Department of the Interior (H. Rept. 720). pp. 18499-500
10. MILITARY CONSTRUCTION. Received the conference report on H. R. 8439, the military construction bill, which includes an item for payment of CCC for certain family housing which was financed from the sale of surplus commodities (H. Rept. 713). pp. 18476-89
11. VOTING RIGHTS; PERSONNEL. Agreed to, 328 to 74, the conference report on S. 1564, the voting rights bill, which includes authorization for the Civil Service Commission to appoint examiners, including Federal employees, to consider cases in which it is alleged that persons have been denied the right to vote on account of race or color. pp. 18476, 18489-99
12. APPROPRIATIONS. The Government Operations Committee reported with amendment H. R. 6468, to authorize any Federal Department, or any bureau or office thereof, to make appropriate reimbursement between the respective appropriations available to such departments, or any bureau or office thereof (H. Rept. 722). p. 18593
13. EMPLOYMENT. The Education and Labor Committee reported without amendment H. R. 10065, to more effectively prohibit discrimination in employment because of race, color, religion, sex, or national origin (H. Rept. 718). p. 18593

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the policy of the United States to cooperate with the State of Alaska in making a joint administrative determination, for purposes of State selections only, of the navigability of inland nontidal waters within the State of Alaska.

SEC. 2. (a) The Secretary of the Interior shall designate, for such terms as he deems proper, not less than two and not more than five officers or employees of the Department of the Interior to comprise, together with an equal number of officers or employees of the Department of Natural Resources of the State of Alaska designated by the commissioner of that department, a joint commission of the United States and the State of Alaska for the determination of the navigability of inland nontidal waters within the State of Alaska, to be known as the "Navigable Waters Commission".

(b) The Commissioner of the Department of Natural Resources of the State of Alaska may designate an officer or employee of the Department of Law of the State of Alaska as a member of the Navigable Waters Commission in lieu of the designation of an officer or employee from the Department of Natural Resources of the State of Alaska.

SEC. 3. The Navigable Waters Commission shall meet at a suitable place in the State of Alaska at the call of the Chairman. The Chairman for the first meeting of the Commission shall be designated by the Secretary of the Interior. During the course of each meeting, the Commission shall elect a chairman for the next meeting, and the chairmanship shall alternate between members from the Department of the Interior and members from the State of Alaska. Salaries and expenses of Federal and State members shall be borne by their respective governments. Joint expenses of the Commission shall be borne equally by the two governments.

SEC. 4. At each meeting the Department of the Interior of the United States and the Department of Natural Resources of the State of Alaska shall, either jointly or separately, propose to the Navigable Waters Commission, a determination of the navigability or non-navigability of particular waters, or of all waters contained in particular areas described with reference to the public land survey wherever possible, situated in whole or in part within the State of Alaska. The members of the Commission shall not take part in the making of such proposals by their respective departments. The Commission shall hear from (1) representatives of the two departments, (2) any expert witnesses hired by the Commission, and (3) any person who first establishes to the satisfaction of one-half of the membership of the Commission a sufficient interest in the proceedings, evidence bearing on the question of navigability. Notice in advance of Commission hearings, including a statement of the time and place of the hearing, shall be published in the Federal Register and may be published elsewhere as the Commission deems appropriate. As soon as practicable, the Commission shall make a determination of the navigability or nonnavigability of the inland nontidal waters so proposed. No determination of navigability or nonnavigability shall be made with respect to particular waters or areas containing waters unless concurred in by a majority of the members of the Navigable Waters Commission. The expenses of the Department of the Interior and of the Department of Natural Resources incurred in investigating and proposing the navigability or nonnavigability of waters shall be borne by the respective governments.

SEC. 5. In making its determinations the Navigable Waters Commission shall be guided by the law and usages recognized and applied in the Federal courts.

SEC. 6. Determinations of the Navigable Waters Commission shall be published in the Federal Register and shall be binding, insofar as State selection rights of the State of Alaska are concerned, upon all executive departments, agencies, officers, and employees of both the United States and the State of Alaska, and upon all persons deriving title from either or both governments subsequent to the effective date of this Act: *Provided*, That the United States, the State of Alaska, or any other affected party may obtain judicial review of any determination by filing a petition for that purpose in the United States Court of Appeals for the Ninth Circuit. As a part of its answer the Commission shall file a certified copy of the transcript of the record, including the evidence upon which the findings and decision complained of are based. The court shall have power to enter, upon the pleadings and transcript of the record, a judgment affirming, modifying, or reversing the decision of the Commission, and may, in its discretion, remand the cause for a rehearing. The findings of the Commission as to any fact, if supported by substantial evidence, shall be conclusive.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 529), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill is to create a joint commission of representatives of the United States and the State of Alaska to make administrative determinations of the navigability of inland nontidal waters in Alaska for purposes of State land selection.

LEGISLATIVE BACKGROUND

The bill was introduced on February 2, 1965; public hearings were held by the Subcommittee on Merchant Marine and Fisheries on June 11. At the hearings, the Department of the Interior testified in favor of the legislation and suggested several amendments. In separate statements and reports, the State of Alaska and the Treasury Department urged enactment of the bill with amendments. The committee amended the bill as suggested in the testimony and by the reports of the Justice and Interior Departments.

DISCUSSION OF LEGISLATION

The Alaska Statehood Act (72 Stat. 339) provides that the navigable waters of Alaska are the property of the State. The act also provides that the State may select in addition approximately 1 million acres of land over a 25-year period. Since the navigable waters in the land area selected are not to be charged against the State's selection quota it is essential that navigability must be determined as the selection proceeds. The responsibility for these determinations for State land selection purposes rests with the Department of the Interior, but under present procedures the determinations are not being processed on a current basis. This legislation is intended to expedite the land selection program by improving that condition.

The legislation should also be of assistance in the area of Alaska mineral resource development. At the present time, it is necessary in many instances to obtain a lease from both the State and the Federal Government because of the uncertainty as to whether the acreage includes navigable waters. The timely determination of these questions should be of substantial assistance

in encouraging the economic development of the State.

The bill proposes to expedite determinations of navigability by creating a joint State-Federal commission to be known as the Navigable Waters Commission. Members of the Commission shall be appointed by the Secretary of the Interior and the Alaska commissioner of natural resources. The appointees shall come from the officers and employees of the Interior Department and the Alaska Department of Natural Resources. The Commission will be guided in its determinations by statutory provisions, common law, and judicial authorities on the subject of navigability of waters. Determinations will be binding upon all departments, agencies, and employees of both the State and the Federal Government and upon all persons deriving title from either. The legislation provides for notice for all hearings and judicial review of any determinations.

CALL OF CERTAIN BILLS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the call of certain bills on the calendar, beginning with Calendar No. 514 and ending with Calendar No. 518.

There being no objection, the following calendar measures were considered and acted upon, as indicated:

REVISED PROCEDURES FOR DESTRUCTION OF UNFIT FEDERAL RESERVE NOTES

The bill (S. 1308) to authorize revised procedures for the destruction of unfit Federal Reserve notes, and other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third paragraph of section 16 of the Federal Reserve Act, as amended (12 U.S.C. 413), is hereby further amended by revising the last sentence thereof to read as follows: "Notwithstanding any other provision of law, Federal Reserve notes unfit for circulation shall be canceled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury. Upon destruction of such notes, credit with respect thereto shall be apportioned among the twelve Federal Reserve banks as determined by the Board of Governors of the Federal Reserve System."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 514), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

S. 1308 would authorize the destruction of Federal Reserve notes which are unfit for circulation under procedures prescribed and at locations designated by the Secretary of the Treasury. Credit for the notes so retired would be allocated among the Federal Reserve banks as prescribed by the Board of Governors of the Federal Reserve System.

The need for this bill arises from the change from \$1 silver certificates to \$1 Federal Reserve notes in accordance with Public Law 88-36 of June 4, 1963. It is estimated that the bill would result in savings of about \$800,000 a year which would other-

wise be spent in shipping and handling expense.

One-dollar bills constitute the bulk of our currency and the majority of wornout bills. In 1962, for example, approximately 965 million \$1 bills were destroyed, compared to 546 million bills of \$5 and larger denominations. Under present law, arrangements have been made to verify and destroy unfit silver certificates and U.S. notes at the various Federal Reserve banks and branches. This saves about \$500,000 annually, which it would cost to ship the currency to Washington for this purpose.

Section 16 of the Federal Reserve Act, however, now requires that Federal Reserve notes unfit for circulation must be returned to the Comptroller of the Currency for cancellation and destruction. S. 1308 would repeal this requirement, and instead it would permit cancellation and destruction of Federal Reserve notes under the same procedures as those used for silver certificates and U.S. notes.

In addition, at the present time, unfit Federal Reserve notes are sorted by bank of issue before destruction in order to satisfy collateral requirements and accountability for outstanding notes. Sorting \$1 Federal Reserve notes would add more than \$300,000 a year to the cost of retiring the notes. The Treasury and the Federal Reserve Board are in agreement that this sorting is no longer necessary, since experience with the billions of Federal Reserve notes which have already issued and retired make it possible to account for these notes on a formula basis which would be fixed by the Federal Reserve Board under S. 1308.

S. 1308 was recommended by the Secretary of the Treasury in a letter dated February 18, 1965. The Board of Governors of the Federal Reserve System recommended prompt and favorable action. The Chairman of the Federal Reserve Board and the Fiscal Assistant Secretary of the Treasury testified in support of the bill at a hearing on July 21, 1965.

ONE-CHECK PAYMENTS

The Senate proceeded to consider the bill (S. 1309) to authorize checks to be drawn in favor of banking organizations for the credit of a person's account under certain conditions which had been reported from the Committee on Banking and Currency with amendments on page 1, line 6, after the word "word", to strike out "Except" and insert "It"; on page 2, line 5, after the word "the", to strike out "bank, savings institution, or Federal or State chartered credit union" and insert "financial organization"; in line 11, after the word "same", to strike out "banking" and insert "financial"; and in line 21, after the word "Columbia", to insert a semicolon and "financial organization" means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "It" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof:

"(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may,

upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

"(1) by sending to the financial organization designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or

"(2) if more than one person to whom a payment is to be made designates the same financial organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.

In this subsection, 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia; 'financial organization' means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

"(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly endorsed, shall constitute a full acquittance for the amount due to the person requesting payment."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize checks to be drawn in favor of financial organizations for the credit of a person's account, under certain conditions."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 532—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

S. 1309 is intended to simplify and clarify the laws relating to Government disbursing procedures. If a number of employees of a Government agency, or other persons to whom the agency has to make payments, ask that payments due to them be sent to a single bank, savings bank, savings and loan association, or credit union, S. 1309 would authorize the agency to send a single check for the aggregate amount, specifying the amount to be credited to the account of each of the individuals.

GENERAL STATEMENT

S. 1309 was proposed by the Department of the Air Force in a letter of January 28, 1965. The Treasury Department recommended enactment. The Comptroller General, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Department of Justice, and the Department of Health, Education, and Welfare advised that they would have no objection to the bill. In addition, letters supporting the bill were received from the American Bankers Association and CUNA International, Inc. A hearing was held on July 21, 1965, at which representatives of the Department of the Air Force and the Treasury Department testified in support of the bill.

The Department of the Air Force, in order to simplify its payroll procedures and to reduce expenses, has undertaken one-check payroll procedures at a number of installations. This has been questioned by the General Accounting Office under some conditions as going beyond current statutory authority, though in other cases the General Accounting

Office found there was such authority and took no exception to the procedure.

The letter from the Department of the Air Force and the statement by the Air Force representative at the hearing take the position that significant savings might result from the enactment of this bill.

EXPLANATION OF THE BILL

The bill would add two new subsections to section 3620 of the Revised Statutes (31 U.S.C. 492). The first new subsection (subsec. (b)) would empower the head of an agency, on the written request of a person to whom a payment is to be made and subject to regulations issued by the Secretary of the Treasury, to authorize a disbursing officer to make the payment by sending a check to a financial organization designated by the payee. In cases where several persons to whom payments are to be made have designated the same financial organization to receive their payments, the head of the agency could, at the written request of the payees, send a single check to the financial organization for the total amount due, specifying the amount to be credited to each person's account.

The authorization is entirely voluntary, both as far as the individual agency is concerned and as far as the employee or other payee is concerned. The provision would apply primarily to employees and payrolls, but it would not be limited to payrolls and would apply to any other persons entitled to payments from the Government, for example, persons entitled to pensions, retirement, or other similar payments.

The new authority would be subject to regulations prescribed by the Secretary of the Treasury. These regulations would be designed to assure that these procedures would be applied only where Government economies would result and that all payroll and other disbursement procedures would not be compromised, but would continue to provide full protection to the interests of the Government and the payees involved. The committee expects that these regulations would provide for equal participation by the various financial institutions covered by the bill. These regulations should also be designed to make sure that no compulsion or undue influence is exerted on employees or other payees, either to take their payments by way of check or to designate any particular financial institution, if they do not wish to do so.

The subsection would define "agency" broadly so as to include all departments, boards, and commissions in the executive or judicial branches, Government corporations, and the municipal government of the District of Columbia. "Financial organization" would be defined as any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

The second new subsection (subsec. (c)) would provide that payment by the United States of a check drawn in accordance with the statute and properly endorsed would constitute a full acquittance for the amount due to each payee.

DELEGATION OF CERTAIN FUNCTIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The bill (S. 1556) to authorize the Board of Governors of the Federal Reserve System to delegate certain of its functions, and for other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued
For actions of
August 17, 1965
August 16, 1965
89th-1st.; No. 150

CONTENTS

Appropriations..4,11,12,14	Fund adjustments.....12	Public works.....1,21
Checks.....9	Insecticides.....18	Recreation.....5
Consumers.....6	Lands.....10,26	Retirement.....23
Dairy indemnity.....25	Military leave.....23	Rubber.....13
Economic development..1,21	Moving expenses.....23	Soil conservation.....19
Farm income.....22	Organization.....24	Stockpile.....13
Farm program.....3,17,20	Pay.....9	Trade expansion.....28
Florida agriculture.....15	Payrolling.....9	Transportation.....7,16
Foreign aid.....8	Personnel.....9,23	Water resources.....27
Foreign trade.....3,28	Poverty.....2	Wheat.....3,17,20

HIGHLIGHTS: Senate concurred in House amendments to public works economic development bill. Senate debated bill to expand poverty program. Sens. Young, N. Dak., Mondale, and McGovern discussed and inserted items on wheat sales to Russia. House committee reported pay bill. Rep. Ryan opposed wheat provision of farm bill. Sen. Nelson urged increased efforts to solve rural poverty problems.

SENATE

1. PUBLIC WORKS; ECONOMIC DEVELOPMENT. Concurred in the House amendments to S. 1648, the proposed Public Works and Economic Development Act of 1965 (pp. 19807-15). This bill will now be sent to the President. See Digest 148 for a summary of items of interest.

2. POVERTY. Began debate on H. R. 8283, to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunity Act of 1964. pp. 19781, 19791-5, 19796-807, 19815-25
Sen. Nelson urged greater emphasis on solving rural poverty problems and expressed hope "that Mr. Shriver will work more closely with Mr. Freeman during fiscal 1966, making it possible to draw more heavily on Department of Agriculture personnel well acquainted with rural problems and rural people." p. 19774
Sen. Scott inserted an article critical of the poverty program, "Accentuate the Positive: The Pill for Poverty is Jobs." pp. 19765-6

3. WHEAT; FOREIGN TRADE. Sens. Mondale and McGovern criticized the policy that 50 percent of wheat sold to Russia must be carried in U. S. ships, contended that this resulted in Russia buying wheat from Canada and other countries, and inserted several items on the matter. pp. 19761-4, 19788-90
Sen. McGovern defended the wheat provisions of the House farm bill and criticized charges that such provisions would result in a "bread tax." pp. 19790-1
Sen. Young, N. Dak., stated that the biggest single impediment to selling wheat to Russia was the 50 percent shipping requirement on U. S. vessels and inserted an editorial, "Lost Opportunities in Wheat." pp. 19753-4

4. DEFENSE DEPARTMENT APPROPRIATION BILL. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 9221. p. D796

5. RECREATION. Sen. Williams, N. J., commended recent passage of H. R. 89, to provide for establishment of the Delaware Water Gap National Recreation Area pp. 19759-60

6. CONSUMERS. Sen. Mondale commended a provision in the proposed Economic Opportunity Amendments of 1965 providing authority to pay all or part of the costs of consumer education programs under community action projects for low-income families and inserted two items on the subject. pp. 19772-3

7. TRANSPORTATION. Sen. Brewster spoke in support of a strong U. S. merchant marine and proposed that 75 percent (rather than the present 50 percent) of U. S. Government-generated cargo be shipped on American flag vessels. pp. 19825-7

8. FOREIGN AID. Sen. Morse reviewed the difficulties of the conferees in resolving differences of the House and Senate on the foreign aid authorization bill and stated that he "cannot vote in conference for the renewal of the old program." pp. 19829-30

HOUSE

9. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 10281, the Federal pay bill (H. Rept. 792). p. 19746
Passed without amendment H. R. 6165, to repeal 5 U.S.C. 33, which gives department heads discretion as to whether to appoint women. pp. 19691-2
Passed without amendment S. 1309, to authorize checks to be drawn in favor of financial organizations for the credit of a person's account, under certain conditions (p. 19702-3). This bill will now be sent to the President. This bill authorizes Federal disbursing officers to make payment by sending

to a bank, savings institution, or Federal or State chartered credit union designated by a person a check drawn in favor of that organization and for credit to the account of that person, or, if more than one person designates the same banking organization, by sending a single check made out to the organization for the total amount due specifying the amount to be credited to the account of each of those persons. H. R. 4653, a similar bill earlier passed under suspension of the rules, was tabled.

10. LANDS. Passed as reported H. R. 6646, to amend the Recreation and Public Purposes Act pertaining to the leasing of public lands to States and their political subdivisions (p. 19690). This bill authorizes the Department of the Interior to enter into 25-year leases of public lands to States and their political subdivisions in order that the leased lands will be eligible for benefits of the Land and Water Conservation Fund.

Passed as reported H. R. 5984, to amend sections 2275 and 2276 of the Revised Statutes, as amended, with respect to certain lands granted to the States (pp. 19689-90). As passed this bill will authorize the Secretary of the Interior to (1) restore as eligible for indemnity selection lands that were utilized for some other purpose before title could pass to a State, and (2) permit selections of unsurveyed lands to supply deficiencies in lands granted to a State.

11. LABOR-HEW APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 7765. pp. 19698-701

12. FUND ADJUSTMENTS. Passed under suspension of the rules H. R. 6438, to authorize any executive department or independent establishment of the Government, or any bureau or office thereof, to make appropriate reimbursement between the respective appropriations available to such department and establishments, or any bureau or office thereof. pp. 19701-2

13. STOCKPILE. Passed under suspension of the rules H. R. 9544, to authorize the disposal, without regard to the prescribed six-month waiting period, of approximately 620,000 long tons of natural rubber from the national stockpile. pp. 19716-17

14. STATE-JUSTICE-COMMERCE-JUDICIARY APPROPRIATION BILL. Conferees were appointed on this bill, H. R. 8639 (p. 19716). Senate conferees have already been appointed.

15. FLORIDA AGRICULTURE. Rep. Matthews inserted an article, "Florida Agriculture Valuation Problems and Their Relationship to the Federal Estate Tax." pp. 19722-24

16. TRANSPORTATION. Rep. Keith inserted and commended a speech containing an analysis of the problems facing the transportation industry. pp. 19730-32

17. FARM PROGRAM. Rep. Findley inserted numerous letters received commanding his appearance on TV in opposition to the farm bill. pp. 19732-3

Rep. Hungate inserted an article, "A Rural Rescue Act," stating that the farm bill is "worth a trial." pp. 19743-4

Rep. Ryan spoke in opposition to the wheat provision of the farm bill. p. 19744

18. INSECTICIDES. Received from this Department a proposed bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, to provide for more effective regulation under such act; to Agriculture Committee. p. 19745

ITEMS IN APPENDIX

19. SOIL CONSERVATION. Sen. Byrd, W. Va., inserted an article by two of this Department's area conservationists in W. Va., on the Appalachia region, its problems, past corrective programs, and future efforts for economic betterment. pp. A4537-8

20. WHEAT; FARM PROGRAM. Extension of remarks of Rep. Callan defending the wheat provisions of the omnibus farm bill and urging members of the House to support the bill. pp. A4545-7, A4552-3
Extension of remarks of Rep. Schisler expressing the need for a workable farm program and commending and inserting excerpts from Secretary Freeman's remarks at the Monmouth College Student Center. p. A4556

21. PUBLIC WORKS; ECONOMIC DEVELOPMENT. Speech in the House by Rep. Minish expressing his support of the proposed Public Works and Economic Development Act of 1965 and stating that "its passage is in the highest interests of our country's economic growth and social welfare." pp. A4566-7

22. FARM INCOME. Extension of remarks of Rep. Callan stating that "farmers have not shared in the general economic advance...in recent years" and urging an improvement of this situation by passage of the farm bill. p. A4568

BILLS INTRODUCED

23. PERSONNEL. H. R. 10467 by Rep. Herbert, for leave of absence for members of the National Guard who are officers or employees of the United States when called or ordered to Federal or State military service in aid of civil authority; to Armed Services Committee.
H. R. 10452 by Rep. MacDonald, to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States; to Government Operations Committee.
H. R. 10480 by Rep. Landrum, to amend the Civil Service Retirement Act to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States; to Post Office and Civil Service Committee.
S. 2414 by Sen. Carlson, to provide retirement benefits for firefighters employed by the Federal Government; to Post Office and Civil Service Committee.

24. ORGANIZATION. S. 2411 by Rep. Pearson, for the establishment of a commission to study and appraise the organization and operation of the executive branch of the Government; to Government Operations Committee. Remarks of author pp. 19750-1

25. DAIRY. H. R. 10479 by Rep. Morton, to indemnify dairy farmers; to Agriculture Committee.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 41: Page 47, line 16: "*Provided further*, That the tuition rate for the current school year shall not exceed the rate for the preceding school year."

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Amendment No. 41: Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 41 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 47: Page 51, line 22: "*; nor shall any of the funds contained in this Act be used for any activity the purpose of which is to require payment to the United States of any portion of any interest or other income earned on payments made before July 1, 1964, to the American Printing House for the Blind.*"

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Amendment No. 47: Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 47 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 49: Page 52, line 7: "*SEC. 206. Expenditures from funds appropriated under this title to the American Printing House for the Blind, Howard University and Gallaudet College shall be subject to audit by the Secretary of Health, Education, and Welfare.*"

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Amendment No. 49: Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 49 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 50: Page 52, line 11: "*SEC. 207. None of the funds contained in this title shall be available for additional permanent Federal positions in the Washington area if the proportion of additional positions in the Washington area in relation to the total new positions is allowed to exceed the proportion existing at the close of fiscal year 1965.*"

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Amendment No. 50: Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 50 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

MAKING ACCOUNTING ADJUSTMENTS BETWEEN APPROPRIATIONS

Mr. ROSENTHAL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6438) to authorize any executive department or independent establishment of the Government, or any bureau or office thereof, to make appropriate reimbursement between the respective appropriations available to such departments and establishments, or any bureau or office thereof.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to limitations applicable with respect to each appropriation concerned, each appropriation available to any executive department or independent establishment of the Government, or any bureau or office thereof, may be charged, at any time during a fiscal year, for the benefit of any other appropriation available to such executive department or independent establishment, or any bureau or office thereof, for the purpose of financing the procurement of materials and services, or financing other costs, for which funds are available both in the financing appropriation to be charged and in the appropriation so benefited. Such expenses so financed shall be charged on a final basis during, or as of the close of, such fiscal year to the appropriation so benefited, with appropriate credit to the financing appropriation.

SEC. 2. (a) Section 14 of title 13, United States Code, is hereby repealed.

(b) The table of contents of subchapter I of chapter 1 of such title 13 is amended by striking out

"14. Reimbursement between appropriations."

SEC. 3. Nothing contained in this Act shall be construed as affecting in any manner the provisions of section 632(g) of the Foreign Assistance Act of 1961, approved September 4, 1961 (75 Stat. 454).

Amend the title so as to read: "A bill to authorize any executive department or independent establishment of the Government, or any bureau or office thereof, to make appropriate accounting adjustment or reimbursement between the respective appropriations available to such departments and establishments, or any bureau or office thereof."

The SPEAKER. Is a second demanded?

Mr. ERLENBORN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, H.R. 6438 was introduced at the suggestion of the General Accounting Office. It would permit departments and agencies to make reimbursements between annual appropriations available to them to finance the procurement of materials and services or for other costs. The measure is an outgrowth of the work of the joint accounting improvement program in which the Bureau of the Budget, the Department of the Treasury, and the General Accounting Office participated. The authority would give a certain flexibility in reimbursements between separate appro-

priations that are being administered by a single department or bureau. The bill is necessary because present law—31 U.S.C. 628—and decisions of the Comptroller General do not permit reimbursements and transfer of funds between appropriations in the absence of expressed statutory authority.

It will permit any appropriation made available to an agency to be used for initially financing the procurement of materials and services or financing activities or other costs for which funds are available in other appropriations of an agency, subject to final adjustment not later than the close of each fiscal year of the charges to the benefitting appropriations with credit to the financing appropriations. The authority provided by the bill would facilitate the accounting and payrolling for common service types of activities such as supplying inventories, technical services, and joint use of automatic data processing equipment. We were advised that it would promote economies through permitting the establishment of joint service activities rather than having duplicate activities maintained by several offices in a bureau or agency.

The Bureau of the Census was granted this authority in 1962 and it has worked satisfactorily since then. A few other agencies have experimented also. This bill has been approved by the Bureau of the Budget and all reporting agencies and was recommended unanimously by the Committee on Government Operations.

Mr. ERLENBORN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. ERLENBORN asked and was given permission to revise and extend his remarks.)

Mr. ERLENBORN. Mr. Speaker, the bill, H.R. 6438, is endorsed by the General Accounting Office, the Bureau of the Budget, and the Department of the Treasury. This bill would allow a facility within a bureau to use the separate appropriations available to that bureau as they see fit during the year and, by the end of the fiscal year, to make the necessary adjustments. It would provide, for instance, the ability within the bureau to make bulk purchases of paper and other supplies they might need for various purposes, coming out of separate appropriations, and then make the adjustments within the appropriations rather than to draw separate checks. It would allow, for instance, a bureau to use a common facility, such as a computer, without predetermining what percentage of the use of this common facility would be chargeable to one particular appropriation or another. For the reason that this will give the bureau the facility that it should have, it will promote economy and therefore is endorsed by the Bureau of the Budget and the General Accounting Office. It is a good bill and I believe it should be passed.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill, H.R. 6438, with amendments?

The question was taken; and two-third having voted in favor thereof, the rules were suspended, and the bill was passed.

The title was amended so as to read: "A bill to authorize any executive department or independent establishment of the Government, or any bureau or office thereof, to make appropriate accounting adjustment or reimbursement between the respective appropriations available to such departments and establishments, or any bureau or office thereof."

A motion to reconsider was laid on the table.

legislation would permit Government agencies, under regulations to be issued by the Treasury Department, to send checks to banks and mutual savings banks, savings and loan associations, credit unions, and other banking organizations to be deposited to the accounts of employees or other persons who regularly receive Government checks. Where more than one person designates the same bank or institution as his depository, a single check may be drawn by the Federal department or agency in favor of that bank or institution, accompanied by a list of the names of the payees and the amounts to be credited to their individual accounts.

The customary procedure now is for checks to be drawn in favor of the individual payee himself even though many such checks may be sent to a designated bank for deposit.

This bill is necessary because of a Comptroller General's ruling of December 2, 1963, which held that a single check of this nature was contrary to law. It is believed that savings may be obtained where this new procedure is followed, especially when a large number of employees have designated a particular institution.

The Bureau of the Budget, the Comptroller General, and all reporting agencies approve the legislation, believing that simplified procedures leading to economies will result. The Committee on Government Operations approved the bill unanimously.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I would be happy to yield to the gentleman from Illinois.

Mr. COLLIER. Can the gentleman tell me offhand the number of the Senate companion bill?

Mr. ROSENTHAL. The Senate passed this bill on August 3, 1965. The companion bill is S. 1309.

Mr. COLLIER. I thank the gentleman.

Mr. ERLENBORN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. ERLENBORN asked and was given permission to revise and extend his remarks.)

Mr. ERLENBORN. Mr. Speaker, I feel that the gentleman from New York [Mr. ROSENTHAL] has pretty thoroughly explained this bill.

Mr. Speaker, the reasons that the bill is necessary is because of a ruling of the Office of the Comptroller General. The Comptroller General having been advised of the introduction of this bill has advised that he is not opposed to the passage of the bill and feels that it may be of some benefit.

Mr. Speaker, just so that we might understand the nature of this bill, I believe most of us use the facilities of the Sergeant at Arms here, of the House of Representatives, for the deposit of our own checks. In my own instance and in my own case since being here since the 1st of January, I have never seen a paycheck. It is automatically deposited, according to my understanding, with the account that is kept for me by the Sergeant at Arms.

Mr. Speaker, one of the members of the committee mentioned the fact that he had been a Member of Congress for more than 20 years and had never seen a paycheck because the procedure used of sending the check of a Member directly to the Sergeant at Arms for deposit. This bill would allow this same procedure to be used for the Air Force and Army and other agencies and departments of Government. It will also allow—and this is important, I believe—such an agency, when it has a large payroll, to send one check for deposit to the bank for many employees and therefore would reduce the number of checks that would have to be drawn and processed.

Mr. Speaker, there was no opposition to this bill in the committee. It is a good bill and I think it should be passed.

Mr. EDWARDS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. ERLENBORN. I would be glad to yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. May I ask the gentleman if this bill applies to all Federal agencies, wherever located?

Mr. ERLENBORN. Yes, this would apply to all Federal agencies, wherever located, subject to rules and regulations promulgated by the Department of the Treasury.

Mr. EDWARDS of Alabama. I thank the gentleman.

Mr. ERLENBORN. Mr. Speaker, I have no further requests for time and I yield back the balance of my time.

The SPEAKER. The question is on the motion of the gentleman from New York that the House suspend the rules and pass the bill H.R. 4653, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill as amended was passed.

A motion to reconsider was laid on the table.

Mr. ROSENTHAL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1309) to authorize checks to be drawn in favor of financial organizations for the credit of a person's account, under certain conditions, a similar bill to the one just passed.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "It" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof:

(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

CHECKS DRAWN IN FAVOR OF BANKING ORGANIZATIONS

Mr. ROSENTHAL. Mr. Speaker, I move to suspend the rules and pass the bill, H.R. 4653, to authorize checks to be drawn in favor of banking organizations for the credit of a person's account, under certain conditions, with a committee amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "It" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof:

(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

(1) by sending to the bank, savings institution, or Federal or State chartered credit union designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or

(2) if more than one person to whom a payment is to be made designates the same banking organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.

In this subsection, 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia.

(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly endorsed shall constitute a full acquittance for the amount due to the person requesting payment."

The SPEAKER. Is a second demanded?

Mr. ERLENBORN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, H.R. 4653 was introduced at the request of the Department of the Air Force but would apply to all Government departments and agencies. The



Public Law 89-145
89th Congress, S. 1309
August 28, 1965

An Act

79 STAT. 582.

To authorize checks to be drawn in favor of financial organizations for the credit of a person's account, under certain conditions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), is amended—

(1) by inserting the designation "(a)" before the word "It" at the beginning thereof; and

(2) by adding the following new subsections at the end thereof:

"(b) Notwithstanding subsection (a) or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency may, upon the written request of a person to whom a payment is to be made, authorize a disbursing officer to make the payment—

"(1) by sending to the financial organization designated by that person a check that is drawn in favor of that organization and for credit to the account of that person; or

"(2) if more than one person to whom a payment is to be made designates the same financial organization, by sending to the organization a check that is drawn in favor of the organization for the total amount due those persons and by specifying the amount to be credited to the account of each of those persons.

In this subsection, 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative, or judicial branch, of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia; 'financial organization' means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

"Agency."

"(c) Payment by the United States of a check, drawn in accordance with subsection (b) and properly endorsed, shall constitute a full acquittance for the amount due to the person requesting payment."

Approved August 28, 1965.

Disbursing officers.
Payments to financial organizations, authorization.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 703 accompanying H. R. 4653 (Comm. on Government Operations).

SENATE REPORT No. 532 (Comm. on Banking & Currency).

CONGRESSIONAL RECORD, Vol. 111 (1965):

Aug. 3: Considered and passed Senate.

Aug. 16: Considered and passed House, in lieu of H. R. 4653.

3 5 4 0 E